THE SENATE OF CANADA

SPEAKER: Hon. Élie Beauregard

Official Report of Debates

1951

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FIFTH SESSION, TWENTY-FIRST PARLIAMENT
15 GEORGE VI

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1952

THE CANADIAN MINISTRY

According to Precedence as at October 3, 1951

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

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

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

THE HONOURABLE ALPHONSE FOURNIER .. Minister of Public Works.

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

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

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

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

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

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THE HONOURABLE ROBERT WELLINGTON MAYHEW ..... Minister of Fisheries.

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

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

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

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

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

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

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

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P. E. COTE, Esq., M.P. ..... To Minister of Labour

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

J. M. MACNAUGHT, Esq., M.P. ..... To Minister of Fisheries

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

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

R. O. CAMPNEY, Esq., M.P. ..... To Minister of National Defence

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

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Clerk of the Privy Council and Secretary to the Cabinet ..... N. A. ROBERTSON, Esquire.

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

SENATORS OF CANADA

ACCORDING TO SENIORITY

OCTOBER 9, 1951

THE HONOURABLE ÉLIE BEAUREGARD, SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
THOMAS JEAN BOURQUE	Richibucto	Richibucto, N.B.
JAMES A. CALDER, P.C.	Saltcoats	Regina, Sask.
ARTHUR C. HARDY, P.C.	Leeds	Brockville, Ont.
SIR ALLEN BRISTOL AYLESWORTH, P.C., K.C.M.G.	North York	Toronto, Ont.
WILLIAM ASHBURY BUCHANAN	Lethbridge	Lethbridge, Alta.
WILLIAM H. MCGUIRE	East York	Toronto, Ont.
DONAT RAYMOND	De la Vallière	Montreal, Que.
GUSTAVE LACASSE	Essex	Tecumseh, Ont.
CAIRINE R. WILSON	Rockcliffe	Ottawa, Ont.
JAMES H. KING, P.C.	Kootenay East	Victoria, B.C.
ARTHUR MARCOTTE	Ponteix	Ponteix, Sask.
WILLIAM HENRY DENNIS	Halifax	Halifax, N.S.
RALPH BYRON HORNER	Blaine Lake	Blaine Lake, Sask.
WALTER MORLEY ASELTINE	Rosetown	Rosetown, Sask.
FELIX P. QUINN	Bedford-Halifax	Bedford, N.S.
IVA CAMPBELL FALLIS	Peterborough	Peterborough, Ont.
JOHN T. HAIG	Winnipeg	Winnipeg, Man.
WILLIAM DUFF	Lunenburg	Lunenburg, N.S.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
JOHN W. DE B. FARRIS	Vancouver South	Vancouver, B.C.
ADRIAN K. HUGESSEN	Inkerman	Montreal, Que.
NORMAN P. LAMBERT	Ottawa	Ottawa, Ont.
J. FERNAND FAFARD	De la Durantaye	L'Islet, Que.
ARTHUR LUCIEN BEAUBIEN	Provencher	St. Jean Baptiste, Man.
JOHN J. STEVENSON	Prince Albert	Prince Albert, Sask.
ARISTIDE BLAIS	St. Albert	Edmonton, Alta.
DONALD MACLENNAN	Margaree Forks	Port Hawkesbury, N.S.
CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke, Que.
ÉLIE BEAUREGARD (Speaker)	Rougemont	Montreal, Que.
ATHANASE DAVID	Sorel	Montreal, Que.
SALTER ADRIAN HAYDEN	Toronto	Toronto, Ont.
NORMAN MCLEOD PATERSON	Thunder Bay	Fort William, Ont.
WILLIAM JAMES HUSHION	Victoria	Westmount, Que.
JOSEPH JAMES DUFFUS	Peterborough West	Peterborough, Ont.
WILLIAM DAUM EULER, P.C.	Waterloo	Kitchener, Ont.
LÉON MERCIER GOUIN	De Salaberry	Montreal, Que.
THOMAS VIEN, P.C.	De Lorimier	Outremont, Que.
PAMPHILE RÉAL DUTREMBLAY	Repentigny	Montreal, Que.
WILLIAM RUPERT DAVIES	Kingston	Kingston, Ont.
JAMES PETER MCINTYRE	Mount Stewart	Mount Stewart, P.E.I.
GORDON PETER CAMPBELL	Toronto	Toronto, Ont.
WISHART MCL. ROBERTSON, P.C.	Shelburne	Bedford, N.S.
TÉLESPHORE DAMIEN BOUCHARD	The Laurentides	St. Hyacinthe, Que.
ARMAND DAIGLE	Mille Iles	Montreal, Que.
CYRILLE VAILLANCOURT	Kennebec	Levis, Que.
JACOB NICOL	Bedford	Sherbrooke, Que.
THOMAS ALEXANDER CRERAR, P.C.	Churchill	Winnipeg, Man.
WILLIAM HORACE TAYLOR	Norfolk	Scotland, Ont.
FRED WILLIAM GERSHAW	Medicine Hat	Medicine Hat, Alta.
JOHN POWER HOWDEN	St. Boniface	Norwood Grove, Man.
VINCENT DUPUIS	Rigaud	Longueuil, Que.
CHARLES L. BISHOP	Ottawa	Ottawa, Ont.
JOHN JAMES KINLEY	Queen's–Lunenburg	Lunenburg, N.S.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
CLARENCE JOSEPH VENIOT	Gloucester	Bathurst, N.B.
ARTHUR WENTWORTH ROEBUCK	Toronto-Trinity	Toronto, Ont.
JOHN ALEXANDER McDONALD	King's	Halifax, N.S.
ALEXANDER NEIL McLEAN	Southern New Brunswick	Saint John, N.B.
FREDERICK W. PIRIE	Victoria-Carleton	Grand Falls, N.B.
GEORGE PERCIVAL BURCHILL	Northumberland	South Nelson, N.B.
JEAN MARIE DESSUREAULT	Stadacona	Quebec, Que.
JOSEPH RAOUL HURTUBISE	Nipissing	Sudbury, Ont.
PAUL HENRI BOUFFARD	Grandville	Quebec, Que.
JAMES GRAY TURGEON	Cariboo	Vancouver, B.C.
STANLEY STEWARD McKEEN	Vancouver	Vancouver, B.C.
THOMAS FARQUHAR	Algoma	Little Current, Ont.
JOSEPH WILLIE COMEAU	Clare	Comeauville, N.S.
GEORGE HENRY ROSS	Calgary	Calgary, Alta.
JAMES GORDON FOGO	Carleton	Ottawa, Ont.
JOHN CASWELL DAVIS	Winnipeg	St. Boniface, Man.
THOMAS H. WOOD	Regina	Regina, Sask.
JAMES ANGUS MacKINNON, P.C.	Edmonton	Edmonton, Alta.
THOMAS VINCENT GRANT	Montague	Montague, P.E.I.
HENRY READ EMMERSON	Dorchester	Dorchester, N.B.
J. J. HAYES DOONE	Charlotte	Black's Harbour, N.B.
JOSEPH ADÉLARD GODBOUT	Montarville	Frelighsburg, Que.
WILLIAM ALEXANDER FRASER	Trenton	Trenton, Ont.
WILLIAM HENRY GOLDING	Huron-Perth	Seaforth, Ont.
GEORGE H. BARBOUR	Prince	Charlottetown, P.E.I.
ALEXANDER BOYD BAIRD	St. John's	St. John's, Nfld.
RAY PETTEN	Bonavista	St. John's, Nfld.
THOMAS REID	New Westminster	New Westminster, B.C.
J. WESLEY STAMBAUGH	Bruce	Bruce, Alta.
VINCENT P. BURKE	St. Jacques	St. John's, Nfld.
GORDON B. ISNOR	Halifax-Dartmouth	Halifax, N.S
CHARLES G. HAWKINS	Milford-Hants	Milford Station, N.S.
HERMAN W. QUINTON	Burgeo-La Poile	St. John's, Nfld.
CALVERT C. PRATT	St. John's West	St. John's Nfld.
MICHAEL BASHA	West Coast	Curling, Nfld.

SENATORS OF CANADA

ALPHABETICAL LIST

OCTOBER 9, 1951

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ASELTINE, W. M.	Rosetown	Rosetown, Sask.
AYLESWORTH, SIR ALLEN, P.C., K.C.M.G.	North York	Toronto, Ont.
BAIRD, ALEXANDER BOYD	St. John's	St. John's, Nfld.
BARBOUR, GEORGE H.	Prince	Charlottetown, P.E.I.
BASHA, MICHAEL	West Coast	Curling, Nfld.
BEAUBIEN, A. L.	Provencher	St. Jean Baptiste, Man.
BEAUREGARD, ELIE (Speaker)	Rougemont	Montreal, Que.
BISHOP, CHARLES L.	Ottawa	Ottawa, Ont.
BLAIS, ARISTIDE	St. Albert	Edmonton, Alta.
BOUCHARD, TELESPHORE DAMIEN	The Laurentides	St. Hyacinthe, Que.
BOUFFARD, PAUL HENRI	Grandville	Quebec, Que.
BOURQUE, T. J.	Richibucto	Richibucto, N.B.
BUCHANAN, W. A.	Lethbridge	Lethbridge, Alta.
BURCHILL, GEORGE PERCIVAL	Northumberland	South Nelson, N.B.
BURKE, VINCENT P.	St. Jacques	St. John's, Nfld.
CALDER, J. A., P.C.	Saltcoats	Regina, Sask.
CAMPBELL, G. P.	Toronto	Toronto, Ont.
COMEAU, JOSEPH WILLIE	Clare	Comeauville, N.S.
CRERAR, THOMAS ALEXANDER, P.C.	Churchill	Winnipeg, Man.
DAIGLE, ARMAND	Mille Isles	Montreal, Que.
DAVID, ATHANASE	Sorel	Montreal, Que.
DAVIES, WILLIAM RUPERT	Kingston	Kingston, Ont.
DAVIS, JOHN CASWELL	Winnipeg	St. Boniface, Man.
DENNIS, W. H.	Halifax	Halifax, N.S.
DESSUREAULT, JEAN MARIE	Stadacona	Quebec, P.Q.
DOONE, J. J. HAYES	Charlotte	Black's Harbour, N.B.
DUFF, WILLIAM	Lunenburg	Lunenburg, N.S.
DUFFUS, J. J.	Peterborough West	Peterborough, Ont.
DUPUIS, VINCENT	Rigaud	Longueuil, P.Q.

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

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

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SENATORS OF CANADA

BY PROVINCES

OCTOBER 9, 1951

ONTARIO—24

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	ARTHUR C. HARDY, P.C.	Brockville.
2	SIR ALLEN BRISTOL AYLESWORTH, P.C., K.C.M.G.	Toronto.
3	WILLIAM H. McGUIRE	Toronto.
4	GUSTAVE LACASSE	Tecumseh.
5	CAIRINE R. WILSON	Ottawa.
6	IVA CAMPBELL FALLIS	Peterborough.
7	NORMAN P. LAMBERT	Ottawa.
8	SALTER ADRIAN HAYDEN	Toronto.
9	NORMAN McLEOD PATERSON	Fort William.
10	JOSEPH JAMES DUFFUS	Peterborough.
11	WILLIAM DAUM EULER, P.C.	Kitchener.
12	WILLIAM RUPERT DAVIES	Kingston.
13	GORDON PETER CAMPBELL	Toronto.
14	WILLIAM HORACE TAYLOR	Scotland.
15	CHARLES L. BISHOP	Ottawa.
16	ARTHUR WENTWORTH ROEBUCK	Toronto.
17	JOSEPH RAOUL HURTUBISE	Sudbury.
18	THOMAS FARQUHAR	Little Current.
19	JAMES GORDON FOGO	Ottawa.
20	WILLIAM ALEXANDER FRASER	Trenton.
21	WILLIAM HENRY GOLDING	Seaforth.
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QUEBEC—24

	SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
	THE HONOURABLE		
1	DONAT RAYMOND	De la Vallière	Montreal.
2	ADRIAN K. HUGESSEN	Inkerman	Montreal.
3	J. FERNAND FAFARD	De la Durantaye	L'Islet.
4	CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke.
5	ELIE BEAUREGARD (Speaker)	Rougemont	Montreal.
6	ATHANASE DAVID	Sorel	Montreal.
7	WILLIAM JAMES HUSHION	Victoria	Westmount.
8	LÉON MERCIER GOUIN	De Salaberry	Montreal.
9	THOMAS VIEN, P.C	De Lorimier	Outremont.
10	PAMPHILE RÉAL DUTREMBLAY	Repentigny	Montreal.
11	TELESPHORE DAMIEN BOUCHARD	The Laurentides	St. Hyacinthe.
12	ARMAND DAIGLE	Mille Iles	Montreal.
13	CYRILLE VAILLANCOURT	Kennebec	Levis.
14	JACOB NICOL	Bedford	Sherbrooke.
15	VINCENT DUPUIS	Rigaud	Longueuil.
16	JEAN MARIE DESSUREAULT	Stadacona	Quebec.
17	PAUL HENRI BOUFFARD	Grandville	Quebec.
18	JOSEPH ADÉLARD GODBOUT	Montarville	Frelighsburg.
19			
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NOVA SCOTIA—10

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

NEW BRUNSWICK—10

	THE HONOURABLE	
1	THOMAS JEAN BOURQUE	Richibucto.
2	CLARENCE JOSEPH VENIOT	Bathurst.
3	ALEXANDER NEIL MCLEAN	Saint John.
4	FREDERICK W. PIRIE	Grand Falls.
5	GEORGE PERCIVAL BURCHILL	South Nelson.
6	HENRY READ EMMERSON	Dorchester.
7	J. J. HAYES DOONE	Black's Harbour.
8		
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PRINCE EDWARD ISLAND—4

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

BRITISH COLUMBIA—6

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

MANITOBA—6

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

SASKATCHEWAN—6

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

ALBERTA—6

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

NEWFOUNDLAND—6

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

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

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

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

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

Harvey Armstrong, Chief Clerk of Committees.

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

H. H. Emerson, Editor of Debates and Chief of Reporting Branch.

CANADA

The Debates of the Senate

OFFICIAL REPORT

THE SENATE

Tuesday, October 9, 1951

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

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

OPENING OF THE SESSION

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

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

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

Honourable Members of the Senate:

Members of the House of Commons:

As you resume your labours, our country is being honoured by the visit of Their Royal Highnesses the Princess Elizabeth and the Duke of Edinburgh. The public satisfaction at the speedy recovery of His Majesty the King which made possible the resumption of plans for the visit is heartening evidence of the deep attachment of the Canadian people to the Crown.

The primary reason for summoning you for a second session in the present year is to invite your consideration of a measure to provide increased security for our older citizens through payment of pensions, without a means test and as a matter of right, to all Canadians with appropriate residence qualifications who are over the age of seventy years, and to establish a fund made up of special contributions levied for that purpose.

Registration of all persons seventy years of age and over has been successfully undertaken, and administrative preparations have already been well advanced to ensure, once the necessary legislation has been approved, the prompt payment from January, 1952, of pensions to all eligible persons. In the first year of its operation, it is estimated that more than seven hundred thousand persons will be eligible.

This measure for the well-being of our senior citizens is designed to complete the program of old age security announced by my government at the session earlier in this present year when legislation was enacted to provide for a federal contribution to assistance to persons between the ages of sixty-five and seventy.

Our national effort to provide for the security of our country in co-operation with other peace-loving nations continues to receive the constant attention of my ministers.

Full support is being given to the Canadian forces in Korea, where they are giving distinguished service in the United Nations' action to defeat aggression.

The North Atlantic nations are steadily increasing their combined strength in their determined effort to maintain peace by providing an effective deterrent to aggression in Europe. To this end an integrated force is being established under the command of General Eisenhower.

The plans for the dispatch to Europe of elements of the army and air force destined to form a part of the integrated force were announced at the last session. The measures which the government proposes at this time in furtherance of these plans will be communicated to you without delay.

You will be asked to approve the ratification of a protocol to enable an invitation to be extended to Greece and Turkey to join the North Atlantic Alliance; and to consider a bill relating to the Canadian Forces.

The concern of our people over the rising cost of living resulting from international and domestic inflationary pressures is fully shared by the government. Every measure will be taken which my ministers believe will be effective in counteracting inflation without impairing our free institutions. The anti-inflationary measures already in force have checked the upward trend of prices of goods and services affected by their operation.

The government has received an interim report from the committee studying the combines legislation recommending that suppliers of goods should be prohibited from requiring or inducing distributors to resell such goods at fixed or minimum resale prices. You will be asked to consider legislation arising out of the committee's interim report.

My Prime Minister has conferred recently with the President of the United States on the vital importance to the security and economies of both countries of proceeding as rapidly as possible with both the seaway and the power phases of the St. Lawrence project.

The President stated he would support Canadian action to construct the seaway as second best if an early commencement of the joint development does

not prove possible. Terms have been arranged with the government of Ontario for the participation of the Ontario Hydro-Electric Power Commission with the appropriate federal or state authority in the United States for the power development in the international section of the St. Lawrence, and with respect to the division of costs between power and navigation. You will be asked to enact legislation to provide for an appropriate agency of the federal government to deal with the construction of the St. Lawrence Seaway. The proposed agency would be empowered to proceed either with the Canadian share of an international undertaking or a solely Canadian development, as soon as satisfactory international arrangements can be made for the power phases of the project in both countries.

The commission to consider whether the economic and social returns to the Canadian people on the investment in the proposed South Saskatchewan River project would be commensurate with the cost has been appointed and is pursuing its studies.

The government has decided to proceed with the construction of a causeway to bridge the straits of Canso for rail and road traffic as recommended by the board of engineers, and the government of Nova Scotia has agreed to contribute a portion of the cost.

Pursuant to the recommendations of the Royal Commission on Transportation, amendments will be introduced to the Railway Act, the Canadian National-Canadian Pacific Act and the Maritime Freight Rates Act. The amendment to the Railway Act will include the provision recommended by the commission for maintenance by the nation of the link in Northern Ontario between Eastern and Western Canada.

My ministers will submit a bill embodying recommendations for legislation on radio broadcasting and television of the Royal Commission on National Development in the Arts, Letters and Sciences, including provision for the financing of the Canadian Broadcasting Corporation.

You will be asked to consider certain proposed amendments to the Dominion Elections Act.

Bills will be introduced regarding the Agricultural Products Board, Canada Land Surveys, and the United Kingdom Financial Agreement.

Amendments will be submitted to the legislation respecting the National Gallery of Canada, the Government Annuities Act, the Public Works Act, the Civil Service Act and the Public Printing and Stationery Act.

Members of the House of Commons:

The government will recommend the immediate establishment of the Committee on Public Accounts, and will ask you to refer for its consideration the bill respecting Financial Administration which will be introduced without delay.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence bless your deliberations.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

Prayers.

RAILWAY BILL

FIRST READING

Hon. Mr. Hugessen presented Bill A, an Act relating to railways.

The bill was read the first time.

SPEECH FROM THE THRONE

MOTION FOR CONSIDERATION

Hon. Mr. Hugessen moved that the Speech of His Excellency the Governor General be taken into consideration on Tuesday next.

The motion was agreed to.

COMMITTEE ON ORDERS AND PRIVILEGES

MOTION OF APPOINTMENT

Hon. Mr. Hugessen moved:

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

The motion was agreed to.

COMMITTEE OF SELECTION

MOTION OF APPOINTMENT

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

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

The motion was agreed to.

The Senate adjourned until Tuesday, October 16, at 8 p.m.

THE SENATE

Tuesday, October 16, 1951

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

Prayers and routine proceedings.

THE LATE LIAQUAT ALI KHAN

TRIBUTE TO HIS MEMORY

Hon. Wishart McL. Robertson: Honourable senators will remember that a little over a year ago we had a visit from Liaquat Ali Khan, the Prime Minister of Pakistan. Today we learned with regret of his assassination. As an evidence of our sympathy to the people of a member country of the Commonwealth and as a tribute to the memory of their late Prime Minister, I ask the honourable members of this house to stand in silence for sixty seconds.

The senators rose and stood in silence.

EMERGENCY SITTINGS OF THE SENATE

MOTION

Hon. Mr. Robertson moved:

That, for the duration of the present session of Parliament, should an emergency arise during any adjournment of the Senate, which would in the opinion of the Honourable the Speaker warrant that the Senate meet prior to the time set forth in the motion for such adjournment, the Honourable the Speaker be authorized to notify honourable senators at their addresses registered with the Clerk of the Senate to meet at a time earlier than that set out in the motion for such adjournment, and non-receipt by any one or more honourable senators of such call shall not have any effect upon the sufficiency and validity thereof.

Honourable senators will recall that this is the customary motion which is moved at the beginning of each session, in case an adjournment takes place.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

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

Hon. Thomas Vien moved (*Translation*):

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

To His Excellency Field Marshal The Right Honourable Viscount Alexander of Tunis, Knight of the Most Noble Order of the Garter, Knight Grand Cross of the Most Honourable Order of the Bath, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Companion of the Most Exalted Order of the Star of India, Companion of the Distinguished Service Order, upon whom has been conferred the Decoration of the Military Cross, one of His Majesty's Aides-de-Camp General, Governor General and Commander-in-Chief in and over Canada.

May it Please Your Excellency:

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

He said:

Honourable Senators: I wish to thank the Right Honourable Prime Minister of Canada and the Honourable Leader of the Government in the Senate who have bestowed upon me the honour of proposing the Address in reply to the speech from the throne. I thank them personally and on behalf of the good people of the district of De Lorimier, whom I am proud to represent in this Chamber and to whom, to a great extent, I owe the privilege which is mine at this moment.

This senatorial district includes the cities of St. John and Iberville as well as a few surrounding parishes. The city of St. John is a hive of industry and trade, while Iberville is the typical provincial town, with its aristocracy and middle class. Farmers make up the population of the adjoining parishes; the soil is fertile and the inhabitants prosperous. This district was opened up three centuries ago. You will find there descendants of old manorial and landed families which, under the French régime, were the glory of the colony and, since Canada was formally ceded, have become factors of stability. I pay tribute to these industrious and thrifty people, respectful of the laws of Church and State, who dwell in this delightful corner of Quebec, of which the province is so justly proud.

May it please Your Honour: Iberville and St. Johns, as you know, are situated on opposite sides of the Richelieu river. That region takes pride in the fact that you were born there, and this is an additional reason for the high esteem in which I hold that area.

Honourable senators, I should like to point out a few significant events which have taken place since parliament adjourned last June.

Let me first mention the anxiety which we all felt upon hearing of the grave illness which struck His Majesty the King; the fervent prayers which we, together with all the peoples of the Commonwealth and of the civilized world, offered up to Heaven, and our gratification upon hearing the good news of the King's convalescence. Honourable senators, I know I am faithfully conveying your feelings when I offer to His Majesty our

ardent wishes for his rapid and full recovery, and again assure him of our respectful and unfailing loyalty.

I have been impatient to mention the enthusiasm with which Canadian people greeted Their Royal Highnesses, the most gracious Princess Elizabeth, and her prince charming, the Duke of Edinburgh, when they literally came down from heaven at Dorval. This visit will be a milestone in our history. It is to us a most pleasant reminder of former royal visits, that in 1860, of His Majesty King Edward VII, then Prince of Wales; those in 1901 and in 1908, of Their Majesties King George V and Queen Mary; and that in 1939, of Their Majesties King George VI and Queen Elizabeth.

In rendering to our Princess our most respectful homage, we pray the Holy Ghost to shower upon her His ineffable gifts, to help her fulfil the heavy duties of her high office as nobly, gracefully and unfailingly as did her illustrious parents. We are happy to find in Their Royal Hightnesses those family virtues in which simplicity and distinction are so harmoniously blended, and of which Their Majesties, the King and Queen, gave such a shining example to the world from day to day.

The warm welcome already given Their Royal Highnesses in Quebec and Ontario is only a foretaste of what awaits them in all the provinces of Canada. The whole province of Quebec is happy at the thought that, after having toured our great country, our royal guests will soon come back to Montreal. We wish them health, joy and happiness during their stay in Canada, and extend those same wishes to their dear children, Prince Charles and little Princess Ann.

(Text):

Honourable Senators, another very significant event deserves special mention. On the 15th of September, 1951, the North Atlantic Council held in Ottawa a meeting, attended for the first time by most of the ministers of Foreign Affairs, Defence and Finance, of the twelve member states of NATO. By our distinguished visitors' own admission, this conference was highly successful and the height of praise was showered upon our government for its perfect organization. Thanks to the energetic action taken by our dynamic Minister of External Affairs, the Honourable L. B. Pearson, this council is now the sole directing authority of NATO and can promptly settle all matters relating to the operation of the North Atlantic Treaty.

Let us remember that, in the face of threatening communist aggression, an alliance of the free peoples is the way to safeguard our western institutions and that, in order to be effective, such an alliance must have sufficient military power to deter any possible aggressor.

It was in this spirit that the signatories of the treaty united to preserve universal peace and security by organizing their collective defence.

The basic principle, affirmed from the very outset, is that of a defensive alliance to ensure peace and not to make war. That doctrine was already well recognized by the Romans, who proclaimed that whoever wants peace must prepare for war—*Si vis pacem.* Unfortunately, as history teaches us, after growing rich with the spoils of the peoples they had conquered, the Romans soon lapsed into materialism and sensualism, and left the defence of the empire in the hands of legions recruited in other lands. This policy of decadence led at once to internal strife, and ultimately to the invasion of the barbarians and the destruction of Rome.

Today the international situation involves similar dangers. That is why freedom-loving nations decided to unite in developing their military power and to ask of their citizens such sacrifices as are required for the success of the common cause. An integrated army was therefore organized in Europe, the supreme command being entrusted to the great General Eisenhower, with headquarters in Paris.

Each country that signed the Treaty contributes armed forces, according to its means, to this army which is growing daily, yet too slowly in the estimation of our best informed leaders. To ensure perfect unity of action, this defensive alliance must now become the nucleus of a true commonwealth of free nations. We must have closer political cooperation and improve our economic and social position; we must strengthen existing institutions and create new ones where they are needed. The NATO Council has been reorganized; it is now the sole agency, at the ministerial level.

In 1943, the Council of War, held at the Citadel in Quebec, opened a new trend in allied defence. In like manner the meeting of the NATO Council, held in Ottawa in September, 1951, opened a new trend in the efforts of the western nations towards peace and security. The Right Honourable the Prime Minister of Canada and our Minister of External Affairs should be congratulated for having initiated these fortunate trends. Our ministers of National Defence and of Finance, the Honourable Messrs. Brooke Claxton and D. C. Abbott, also deserve congratulations for representing our country with such dignity at this conference.

(Translation)

Honourable senators, the Speech from the Throne summarizes the legislative program which the government intends to submit. I do not propose to analyse it in detail. However, I feel I should mention here the questions of inflation, of social welfare and of national defence.

I will deal first with inflation. Inflation has become a real nightmare in every country. Things that cost ten dollars in 1939 now cost twenty-two. The purchasing power of our dollar has therefore been reduced more than half and the cost of living index is steadily rising! Everyone is anxiously wondering where it will stop. How could we remedy an evil which causes so much distress, which jeopardizes the well-being, the health and even the life of so many people, especially low-wage earners who cannot supplement their earnings, retired persons who live on savings accumulated during a lifetime of labour, the sick, the invalids, and so many others?

To answer such alarming questions, we would have to go into the manifold causes of inflation. This has been done already many times, and findings have been made public. Let me simply point out that the economic and monetary situation of Canada today is quite different from what it was in 1939. For a long time we have had no unemployment. Our program of industrial expansion to develop our natural resources and to implement our national defence policy puts into circulation enormous sums of money which the public immediately uses to buy commodities that they need or merely fancy. On the other hand, war needs and priorities cut down the amount of available goods, thereby creating competition between consumers and forcing prices up!

If Canadians continue to jostle and outbid one another for everything offered for sale, where will inflation stop? Outstanding economists therefore urge us to buy less, to buy only what is essential and to practise self-denial in favour of those whose needs are greater than our own. They tell us that we benefit therefrom, for we shall be keeping our money and helping to check inflation. Our government will help us as it has already done by every means at its disposal:

By credit restrictions. These have caused recrimination in certain quarters, but how much more lament would be heard if the dollar value kept abruptly growing less and less. Credit restrictions reduce the volume of money in circulation; they check or, at least, slow down inflation.

By taxes. The requirements of national defence are enormous. It would be unfair to shift that burden solely upon future generations. It is therefore advisable that the amount of money in circulation be reduced by taxation and that part of it be used for defence. What good would our money be unless we are free? Let us ask enslaved nations what they would be willing to pay to escape from their bondage! There has been criticism of budget surpluses. Did not the Minister of Finance act wisely in using our surpluses to reduce our national debt?

By savings. Thrift, at this time, has become a patriotic duty. The government urges individuals and corporations to subscribe generously to its loans and to entrust it with their savings. Some, who remember the experience of the last war, advocate the re-establishment of controls. But there have been great changes in the situation. Since 1939, the amount of money in circulation has increased almost tenfold. If the last war had gone on for another year, it would have been hard, for that same reason, to keep controls in force. As far back as 1943, rising costs made it necessary to allow certain producers to lower the quality of their products. Price ceilings were maintained, but consumers received less for their money. And what about the black market? No, as the Prime Minister so aptly pointed out in his speeches in parliament and in his radio broadcasts, the reimposition of controls today would do more harm than good.

Like yourselves, I have read and noted the speeches of our political opponents and the editorials published in certain newspapers violently attacking the Government because it has not reimposed controls. It is amusing to reread what those same people were saying and writing not so long ago. If we glance through the Commons Hansard, we will note the fiery speeches delivered by certain members of the Opposition who clamoured for the abolition of controls. For instance, on page 1297 of the debates of March 12, 1947, Mr. John Hackett, K.C., then member for Stanstead said:

> Another form of control which is particularly burdensome is the war-time prices and trade board.

Comparing the situation at that time with that of 1920, he added:

> We did go through a short period of turbulence, but we escaped the clutches of all these controls!

Were I not reluctant to overtax your patience, I could quote many speeches in the same vein. And yet those same people criticize us today for not reimposing the very controls which they found so evil not so long ago!

To sum up, the first remedy for inflation is to reduce the amount of money in circulation. The second is to encourage savings, and moderation in buying. The third is to

promote greater production per hour of labour and to increase hours of work without additional pay. The interests of the worker, of the employers and of the general public alike are at stake. If prices go up it is because there are not enough goods to go around. Let us, therefore, increase production without increasing the demand by putting more money into circulation. If we all use these three means on a broad enough scale, inflation will halt, the value of our currency and the cost of living will be stabilized.

I come now to social legislation.

The fundamental principle of liberalism is to unfetter the individual; to help him overcome the obstacles which prevent him from reaching a comparative degree of well-being and of earthly happiness, objects of his legitimate ambition. I view with a great deal of gratification the progress accomplished for more than thirty years by the party in which I have served as a humble worker, as a humble soldier in the ranks. Our great leaders, the Right Honourable W. L. Mackenzie King and the Right Honourable Louis St. Laurent, were deeply convinced that social injustice is inhuman, evil and immoral. They have always preached and applied the same creed; they have always endeavoured to improve the living conditions of all classes and to relieve distress.

We all of us have sought to help our fellow men acquire more wealth and greater well-being. We have endeavoured to ensure a fairer distribution of goods and to abolish privileges.

From the standpoint of culture and civilization, scientific discoveries and economic progress are of value only if supported by a social policy based on distributive justice. Modern progress does not consist in creating a race of slaves and of automatons, as in Russia. It consists in dispelling fear, in ensuring the respect and freedom of the human being. There is still much human misery in many countries, but in Canada wise legislation has already given us a notable increase in material welfare.

Let us remember too, that Canada has striven at the same time, to share substantially in the settlement of world problems.

If, without foreign assistance, we have been able to go through two world wars, a worldwide depression and the still lasting period of retrenchment and sacrifice, we owe it to our leaders who have managed to preserve our people from scourges which, elsewhere, assail humanity. They had faith in the lofty destiny of Canada. Above all they endeavoured to apply the principles of social justice through a wider distribution of the wealth of this world.

I will now enumerate here social security laws adopted since 1927 by the federal parliament.

1927:—Original Old Age Pensions Act—$20 monthly to needy persons 70 years of age with 20 years' residence in Canada—British subjects—income ceilings $365 a year single, $730 a year married, inclusive of pension.

1931-1940:—Series of annual measures—Unemployment Relief Act and legislation of similar character designed to assist provinces and municipalities in relief of unemployment.

1937:—Amendment to Old Age Pensions Act to include blind persons 40 years of age and over—conditions of eligibility same as for old age pensions—income ceilings $120 a year higher.

1940:—Unemployment Insurance Act—contributions by employers, wage earners and government—numerous amendments since 1940 designed to increase coverage and to enlarge benefits in various ways—3 million workers now covered—total benefits paid out in last fiscal year were $83 million—total benefits since January 1, 1941, $375 million—reserve fund now stands at approximately $600 million.

1943:—Increase in amount of old age pension and blind pension from $20 to $25 a month under War Measures Act.

1944:—Increase in income ceiling for old age and blind pensions by $60 a year under the War Measures Act.

1945:—Family Allowances Act—benefits now being provided to 1,900,000 families on behalf of 4,200,000 children under 16 years of age—annual cost in current fiscal year $321 million—expenditures since first payments commenced in July 1945 over $1,600,000,000—payments at the rate of $5 per child under six, $6 per child under ten, $7 per child under thirteen, $8 per child under sixteen.

1944-45:—The Veterans' Charter—legislation under this general heading covers a wide variety of enactments on behalf of veterans of World Wars I and II—disability pensions, war veterans' allowances, rehabilitation grants, training grants, loans, assistance in land settlement, etc., etc.,—annual cost of veterans' benefits now runs approximately $170 million a year.

1947:—Amendments to Old Age Pensions Act increasing amount of old age and blind pension to $30 monthly, abolishing citizenship requirements, relaxing residence requirements, increasing income ceilings to $600 single and $1,080 married ($120 a year more in the case of the blind), and reducing the age of eligibility for blind persons from 40 to 21 years of age.

1948:—Inauguration of National Health Program—grants totalling about $35 million annually for provincial health surveys, general public health, public health research, hospital construction, cancer control, crippled children, venereal disease control, tuberculosis control, mental health, etc., etc.

1949:—Amendments to the Old Age Pensions Act increasing amount of old age and blind pension to $40 monthly. Amendments to the Family Allowances Act abolishing the "taux decroissant" in respect of fifth and subsequent children and reducing residence requirement from three years to one.

1950:—Amendments to Unemployment Insurance Act providing for supplementary benefits during winter months, January to March.

1951:—Old Age Assistance Act providing pensions on basis of need to persons 65-69 years of age at the rate of $40 a month . . . increase in income ceilings to $720 a year single and $1,200 a year married.

Passage for Blind Person's Act making similar provision for the blind 21 years of age and over—income ceilings $120 a year higher.

Amendments to Pensions Act and other veterans' legislation providing increased allowances for dependent orphaned children of deceased veterans.

1951, Fall Session:—As announced in the Speech from the Throne, legislation to provide universal pensions, free of means test, at the rate of $40 a month to all persons in Canada 70 years of age and over with required residence qualifications. This will be entirely a federal measure. The number to benefit in first year more than 700,000; annual cost for the same year is estimated at $343 million.

I should like now to refer to national defence.

The Canadian people are a happy people. Compare them with other people on earth and tell me which nation we could envy. Our vast territory is protected on three sides by oceans, bounded on the south by the most powerful republic in the world. Unlike what is happening elsewhere, instead of being dangerous and disquieting, this neighbourhood is a factor of security. For close to 150 years we have been living at peace with our neighbours and on neither side is our boundary, four thousand miles in length, fortified or guarded. Evidently, at times, this neighbourhood causes difficult problems between us but we study them in a spirit of understanding and justice, and we abide by the decisions of our international commissions. In two world wars our sons, fighting side by side, have shed their blood on the same battlefields for the defence of the same cause. This has further increased and strengthened the friendly understanding which has long existed between our two nations.

We are constantly uncovering new wealth in our soil, though yet its surface has barely been scratched. Our yearly production runs into billions of dollars and far exceeds our actual needs. Because of the volume of our export trade, we have achieved quite a high standing among the great nations of the world.

The Canadian people owe their origin mainly to two races which, since the beginning of the Christian era, have brought the greatest amount of credit to mankind. They are still receiving contributions from all the countries of Europe. We therefore benefit from European culture, Greco-latin culture, enriched by twenty centuries of Christianity. We enjoy a large measure of political and religious freedom and our parliamentary institutions are a source of content for our peaceful and disciplined people. If an example were needed of the harmony that exists in Canada, would it not suffice to recall that, since the beginning of the present century, two French Canadian Catholics have been elected Prime Ministers of this country by English-Protestant majorities: Sir Wilfrid Laurier and our present Prime Minister, the Right Honourable L. S. St. Laurent. Again I say the Canadian people are a happy, free and united people.

They are also a generous people. When the liberties and the way of life of the western world were threatened by unjust aggression Canadians, upon being called, answered: "Ready, aye ready!" Immediately they raised forces and rushed to the assistance of our mother countries: both the old and the new. This very day, some of our soldiers are fighting in Korea; while others are stationed in Europe. This Canadian generosity was very graciously emphasized, the other day, by our charming Princess when she said: "By dedicating yourselves to righting wrongs and errors in far off lands, you have set yourselves up as the knights errant of our present tragic world". A true and very apt phrase, well depicting the feeling which has guided Canadian policy, especially since Canada's part in international affairs has taken so much importance.

But this abundance of wealth which I have mentioned, this liberty, this political stability, this culture, these ways of life, these institutions, in short, this national heritage we owe to divine Providence and to our ancestors, all this is now seriously imperilled.

(Text):

The victories achieved in 1945 over the aggressors, we welcomed with great hopes

for a lasting peace, for sincere co-operation between the nations of the world. It seemed evident that countries that had co-operated in time of war could and should co-operate all the more in ensuring world peace. To this end was created the United Nations Organization. Unfortunately, these hopes were unfulfilled. Stricken with megalomania, those groups which, by revolution and violence, had enslaved the Russian people, dreamt, and still dream today of extending their domination over all nations. Instead of peace based on freedom, independence and equality of all nations, on a policy of non-interference in the domestic affairs of other States and on effective limitation of armaments, these groups now seek to establish their rule over the whole world.

For a long time, their system of espionage and infiltration, cleverly directed from Moscow, has successfully penetrated all western countries, fostered uneasiness, strikes and revolts, sabotaged political and social institutions, and caused the masses to rise against their governments. The examples of Bulgaria, Rumania, Yugoslavia, Czechoslovakia and Poland clearly demonstrate the promptness with which the communist hordes can carry out their designs of economic and political subjugation. Communist ideologists proclaim as obsolete the concepts of national sovereignty and independence; they urge the creation of a world State, of a world government, according to the Soviet formula, and, naturally, under the domination of Moscow.

Whenever a country falls into their hands, their first thought is to "liquidate" the leading classes and all those whose views do not coincide with their own. Remember the trumped up political trials, the tortures, the concentration camps, Siberia! Fifteen million human beings, we are told, have been torn from their homes, have died from privation or tortures or are ending their lives in exile!

By such results, you may judge the value and form of their civilization. Yet, both in the United States and in Canada, thousands of people would like their country to adopt such a regime!

It was in order to resist that enslavement that the western nations decided to unite in order to organize their common defence. No doubt, that means bitter self-denials and heavy sacrifices for all. But, without this community of free nations, without this defensive alliance, unity of action would be impossible; we could not overcome the aggression with which we are threatened by certain totalitarian and tyrannical powers.

(Translation):

War is a great ordeal. It is the scourge of God. Just as gold can only be purified by fire, so humanity can be purified only in the crucible of suffering. When prosperity is too great and too prolonged, morals decline and characters weaken. The record of humanity shows it. At certain times, humanity seems to forget to kneel before its Creator, to implore His clemency, His mercy and His forgiveness. God is a Father, the best of fathers. He castigates well because He loves well, but He does not spurn the contrite and repentant sinner. That is what is being preached to us by our spiritual leaders, who are at this moment making urgent appeals. Let us turn to God! Let us rearm morally! If our conversion is sincere and sufficiently embracing, God in His kindness will perhaps divert from humanity a new cataclysm so dreadful that the one caused by the two world wars would pale in comparison.

But it is also written "Heaven helps those who help themselves". Let us respond with the same alacrity to the appeals made by a government that we have elected in all liberty to look after the sacred interests of the Canadian homeland.

(Text):

Hon. Thomas H. Wood: Honourable Senators, I am pleased to second the motion so ably presented by the senator from De Lorimier, (Hon. Mr. Vien), who has had a long career of public service to Canada, both in the other house and in this chamber, where for three years he held the position of Speaker. Some of the more recently appointed members of this house, including myself, have been grateful for his wise and kindly guidance.

I am conscious of the honour bestowed upon me of seconding the Address in reply to the Speech from the Throne; I am aware also that this is a tribute to the Province of Saskatchewan and the City of Regina, which I have the honour to represent. For this I wish to thank the leader of this house and the leader of the government most cordially. May I also thank the leader of the opposition here for his unfailing courtesy to me since my appointment to the Senate.

I share with every member of this chamber, and indeed with people the world over, deep gratitude for the progress from serious illness made by His Majesty, King George the Sixth. During the weeks of anxiety it was evident to all that he had earned for himself a secure place in the hearts of his people. We hope that he may be restored to enjoy good health for many years.

At the present time we are happy in the visit to Canada of Her Royal Highness the Princess Elizabeth, and her husband, the Duke of Edinburgh. Their sincerity and devotion to duty, their graciousness and charm, have won all hearts. As they proceed across Canada they cannot but feel the warmth of our welcome and the affectionate esteem in which we hold them.

At this session of parliament, there will be discussed serious and urgent problems facing the people of Canada—inflation, pensions, the St. Lawrence Waterway, and, I hope, the Saskatchewan River power and irrigation project.

I realize that it is customary to be brief in seconding the Address in reply to the Speech from the Throne, but if honourable senators will permit, I should like to speak of the situation which for two years in succession has faced the western farmer. Last year, after the prospect of an abundant crop, more than half the wheat was frozen; and this year, delayed spring sowing and prolonged rains during the past seven weeks have caused serious loss in the quantity and quality of the grain. How great the loss may not be known until next spring; but this we do know, that in large area the grain will grade not much higher than it did last year. I am informed by reliable farmers that wheat recently threshed is grading 4 and 5 tough, which means damp wheat. At the present time it is estimated that 35 per cent of this year's wheat will be non-millable. Honourable senators will see that 35 per cent non-millable wheat out of an estimated crop of 550 million bushels will leave more than 175 million bushels of feed wheat this year.

Most of us in this house will recall last year's protest from the farmer about the price he received for his frozen wheat. We now find that there is on hand more than 150 million bushels of this low-grade wheat, and there is the likelihood of a larger amount this year. The farmer may well ask himself if it might not be wise to take a lower price and dispose of this product. The low-grade wheat is now competing with oats, barley and other feed grains which have dropped considerably in price. The probable cause of the drop is the abundance of inferior feed wheat. The situation is not unlike that of 1928 when we had a frozen crop and some of it was carried over for three or four years, so that by the time the interest and carrying charges were paid the farmer received little or nothing for his wheat. Let us hope the mistake of that year will not be repeated. Until this inferior product is disposed of, the farmer will only be competing against his production of other feed grains, thus lowering the price of current produce. The storage space is needed for the better grade wheat which will bring a good price.

If Grade 4 wheat, the only low grade which may be used for white flour, is so used —and some of it had to be used this year—it must go through the mill twice, once to remove the natural bran coating, and again to remove the second layer formed when it was frozen. Even if the protein is good, the miller can use but little of this poor wheat, for he has not the milling capacity to handle it.

What is more alarming, especially in Saskatchewan and Alberta, is the possibility that the coming year will bring a situation similar to that of the past two years. The soil at present is so saturated with moisture that, unless the winter is mild with little snow, we may be faced with even later sowing of grain next year.

Honourable members are aware that the people of Western Canada are deeply interested in the St. Lawrence Waterway. For fifty years or more it has been the hope of the western farmer that this project would be undertaken. It would give us a direct sea route almost to the edge of the prairies; not only lake boats, but ocean-going vessels, would be available to carry our produce to the world. I sincerely hope that the Prime Minister will be successful in his agreement and undertaking with the United States.

The people of Saskatchewan are likewise vitally interested in the Saskatchewan River power and irrigation project, which also has been under consideration for many years. During that time many able men have passed on its feasibility, and recently a commission was finally set up to pass judgment. Not only is there a need for water in cities and towns, and for irrigation purposes, but for the generation of power as well; in fact this need is as great in the West as in the East. Only a fraction of our farmers have electrical power available to them. It has been stated that had it not been for the dams built in the United States during the depression years, with the water and power they made available to adjacent cities, we might not have won the last war. I hope the government will give immediate consideration to both the projects I have mentioned, so that all sections of Canada may benefit.

Some Hon. Senators: Hear, hear.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Haig, the debate was adjourned.

THE SENATE AND ITS WORK

MOTION

Hon. Wishart McL. Robertson: Honourable senators, with leave of the Senate, I should like to move:

That the Rules of the Senate be amended by striking out paragraphs 5, 17 and 19 of Rule 78 and substituting the following:

5. The Committee on Transport and Communications, composed of not more than seventeen senators.

17. The Committee on Finance, composed of not more than seventeen senators.

19. The Committee on External Relations, composed of not more than seventeen senators.

And by adding a new Rule 78A, as follows:

78A. The senators occupying the positions of Leader of the Government and Leader of the Opposition in the Senate shall be *ex officio* members of all Standing Committees of the Senate.

As honourable senators know, any motion to amend our rules requires two days' notice. Therefore, unless I have unanimous consent, I cannot proceed now. I have already communicated to a large and representative cross-section of members of the Senate my reasons for proposing these changes in our rules, and I should like to have permission to give an explanation to all who are present at this time.

The Hon. the Speaker: Honourable senators, is it your pleasure that the honourable gentleman have permission to speak on this motion, of which notice has not been given?

Some Hon. Senators: Agreed.

The Hon. the Speaker: The honourable gentleman may proceed.

Hon. Mr. Robertson: Honourable senators may recall that last year I moved the following motion:

That a Special Committee of the Senate be appointed to inquire into, and report upon, whatever action in its opinion may be necesary or expedient to enable the Senate to make its maximum contribution to the welfare of the Canadian people.

It will be recalled that after considerable debate I withdrew the motion and at that time indicated that I might have some proposals to make in the matter at this session. I have already been asked about it, and I wish to say now that I intend to proceed with the part of the proposal that I had in mind last session which has not already been dealt with by the Senate.

Let me explain. When I introduced the resolution last session I made some personal suggestions as to some things that I thought might be inquired into by a committee, if honourable members were agreeable. Those things might be roughly divided into two classes: One, things as to which we ourselves could take action in committee; and the other, things that we might recommend to the government. I think it is safe to say that there was general agreement by honourable members that a special committee was not necessary to consider my motion; that whatever discussion there was could be had in this house. I think it is safe to say also that the discussion we had in the house was chiefly on two or three of the major points that I had suggested might be considered in committee, concerning proposals which would require action by the government, and which we ourselves could not put into effect. For instance, as honourable senators may recall, one of my suggestions was that the special committee might consider recommending that future appointments to the Senate be subject to a retiring age of seventy-five. Another suggestion was that the committee might consider recommending some procedure for Senate appointments that would assure our always having in the Senate at least a minimum representation of political parties other than the major parties.

Varying views were expressed with regard to those matters, but it is my considered opinion that even if we had been unanimous about them we could have done nothing more than make recommendations to the government. The views that were expressed are on record and available to this government or any future government which in its wisdom may see fit to pay heed to them. I therefore cannot see that any useful purpose would be served by further discussion on my proposal of last session to create a special committee for the consideration of these matters. So at this time I wish to direct my attention to suggestions that it is within our power to implement for perfecting our organization and enabling the Senate to render greater service to the public.

Since I have been a member of the Senate, and particularly while I have occupied the post of government leader in this house, I have been struck by one or two outstanding facts. The first of these is that we are greatly handicapped by having major legislation come over to us from the other house late in the session. In an endeavour to reduce that handicap I have tried to have as much legislation as possible introduced in the Senate, and I have been reasonably successful in this. In the main, however, aside from measures that have no financial incidence, the important pieces of legislation are introduced to parliament in the House of Commons, and do not reach us until relatively late in the session. The bill that we ordinarily receive last of all every session, the Supply Bill, is

sometimes in our hands, as honourable senators know, not more than an hour or even half an hour before parliament is due to prorogue.

Ever since I have been leader of the government I have been faced with the contention that this house is not given sufficient time to consider important measures, including bills that could not be classified as money bills. I think that in one respect we have overcome the handicap under which the Senate formerly laboured. I refer to the reference of the estimates at the last session or two to our Finance Committee, before the bills based on those estimates have reached this house. Honourable senators know full well that this committee has done such excellent work that when we have got the Supply Bills we have found ourselves thoroughly acquainted with their details.

Honourable senators, the suggestion I now wish to make to you, and which is embodied in the motion, is that this principle of dealing with legislative measures in anticipation, whch we have applied to Supply Bills, be extended to other major pieces of legislation that we are forewarned of in the Speech from the Throne. Too often we have no opportunity for studying measures of this kind until the very last part of the session. I am suggesting that, in order to provide the necessary machinery, we change the size of and our procedure with respect to six of our committees. The standing committees which I would propose changing are the following: Transport and Communications, Finance, External Relations, Natural Resources, Canadian Trade Relations and Immigration and Labour. I would leave as they are the committees on the Library, Printing and the Restaurant, Standing Orders, Banking and Commerce, Miscellaneous Private Bills, Internal Economy and Contingent Accounts, Tourist Traffic, Debates and Reporting, Divorce, Public Health and Welfare, Civil Service Administration of Public Buildings and Grounds.

I would suggest that for the present my motion apply to only three committees. If the new system is satisfactory, when the house sees fit, the other three committees may be included.

The memberships of certain committees have varied from time to time, ranging from a high of fifty to a low of nine. When I came to this house three of its standing committees, namely, those on Canadian Trade Relations, Natural Resources, and Immigration and Labour, each had a membership of nine. I suggest that ultimately the six committees which I have specified should each have a maximum membership of seventeen, and that no one senator be appointed to more than one of these committees. In that way seventeen senators will have the responsibility for the consideration of matters referred to any one of these committees. Exceptions would be made in the case of the leader of the government in the Senate and the leader opposite, both of whom would be *ex officio* members of the committees. Honourable senators may recall that the membership in some of the committees was increased at my suggestion. It is, however, my belief that they have, in some instances, become unwieldy.

If honourable senators agree to try out the proposals I have put forward, I assure the house that the changes will not necessarily be like the law of the Medes and Persians, which altereth not and cannot be recalled. In my opinion, the proposals have some merit, and, indeed, none of the senators with whom I discussed them had any serious objection.

I suggest that tomorrow morning we proceed to select the membership of the committees. True, the selection committee may not be able to make appointments that will be entirely satisfactory; nevertheless, such changes as appear necessary can be made later. Having set up the committees they should be organized, and a chairman elected to each.

After having consulted with these three committees to which I have made specific reference, I intend on Thursday next to refer certain important subjects which will be coming to us in the near future. To the Transport and Communications Committee, I propose to refer the report of the Royal Commission on Transportation. That means that the four pieces of legislation having to do with railways will be considered and studied by that committee. I need hardly say to honourable senators how perplexing and difficult is the problem of equalizing freight rates in Canada.

It is indeed a difficult problem, and has far-reaching consequences. I intend, therefore, to ask the Standing Committee on Transport and Communications to study, at its leisure, all the aspects of the legislation, and to report back to this house as to whether or not we should place on the legislation our seal of approval. I submit, honourable senators, that in following this method we would be following the system adopted for the study of the estimates prior to their arrival in this house.

Further, I propose to refer to the Standing Committee on External Relations, subject to consultation with that committee when it is set up, the bill which has been introduced having to do with the sending of Canadian troops overseas under NATO. This committee will be asked to study the question and

report back to this house. I need hardly say that the sending of troops overseas in peacetime is a new procedure for Canada. Although such a step may meet with the general approval of the Canadian people, it is an important one, as was so eloquently stated by the seconder of the Address in reply to the Speech from the Throne (Hon. Mr. Wood), and will have far-reaching consequences.

I am sure all honourable senators would wish that the excellent services of the Finance Committee be continued. We are unable to refer the estimates to that committee at the present moment for, as far as I know, there will be no estimates before the house. We are fortunate, however, in having the Public Accounts for the past year printed. I shall table these, and suggest that they be referred to the Finance Committee, with perhaps some specific recommendations as to the matters to be inquired into and reported upon.

While I cannot assure the house of the complete success of this new procedure, it will at least be an answer to two problems presented to me: first, that we should have more time to consider and study legislation; and second, that the fifty-one members nominated to the three committees will have something for which I have been continually asked, namely, more work. I have every reason to believe that there will be considerable opportunity for work by the three committees.

It has been my experience in the Senate, that whenever a standing committee or a special committee undertook to do a job, it was well done. As I approach the reference of the subjects I have mentioned to the committees specified I have every confidence that the work performed will be of the same high quality as the work of the committees of this house in the past.

Hon. John T. Haig: Honourable members, I will not delay the house for more than a few moments.

My friend from Ponteix (Hon. Mr. Marcotte) just asked me whether a senator would serve on only one committee. The answer is "no". Apart from the six committees which the honourable leader has specified, the other standing committees namely Banking and Commerce, Private Bills, Internal Economy, Debates and Reporting, Divorce, Restaurant, Civil Service Administration, Public Health and Welfare, Public Buildings and Grounds, and Tourist Traffic will all remain as they were, and members will be appointed to them in the usual manner.

The honourable leader of the government said, there would be coming to this house four pieces of legislation affecting railways and based on the report of the Royal Commission on Transportation. As I understand the procedure proposed, following some preliminary discussion in the other house these pieces of legislation will be referred to the Standing Committee on Transportation in this house, before which all delegates who wish to make representations may appear. I understand that the government leader (Hon. Mr. Robertson) is quite willing that any or all of the seventeen members on the committee on transportation should attend meetings of the like committee in the other place, listen to its proceedings, take part if they want to.

Hon. Mr. Robertson: —and examine witnesses.

Hon. Mr. King: That is in accordance with the present rule. There is nothing new about that.

Hon. Mr. Haig: May I explain to my honourable friend from Kootenay East (Hon. Mr. King) that I was answering a question, and trying to avoid any misunderstanding. He and I had the pleasure of attending the sessions of the Committee on Transportation, and we know what went on there. What I am saying is for the information of those who were not present at those meetings. I hope there will be no misapprehensions, because the experiment is worth trying, and I should like the house to be unanimously in favour of it. When the four bills dealing with railway matters come here from the other place, they will, of course, be introduced, receive first and second readings, and go to our Transportation and Communications Committee. My suggestion, which I believe is acceptable to all members of the house, is that when bills of this type are reported back from committee they should be referred to Committee of the Whole House. One difficulty about this has been that it is practically impossible for one minister, even with the assistance on occasion of deputy ministers, to cope with the details of all legislation sponsored by some nineteen ministers in another place. The railway bills, however, could be dealt with by a committee of seventeen members who know the subject-matter, who have discussed the bills, examined the witnesses, and therefore are fully informed; and those honourable senators who, not being members of the committee, might lack information as to this legislation could address questions to their colleagues who are members of the committee.

Such a system would provide, what hitherto has been sorely lacking, a public, informed discussion of legislation. It is true that we discuss bills in committee, but nobody knows about it except the members of the committee themselves. If the discussion is

carried on in the house, members of the committee will show, or should be able to show, that they know their subject, and those who are not on the committtee will gain an understanding of the subject which they have never had since I have been a member of this house. Speaking only for myself, I think the suggestion is worth trying. It may not work. I recall a rule which was made some years ago, and to which I was bitterly opposed, which was never acted on, and has since disappeared. It may be that the present proposal, after a two or three year period of trial, will prove unworkable. Well, then, surely we are big enough and our work is important enough and the problem is large enough for us to adopt some other system which will better serve our purpose.

I do not favour this change merely for the sake of change. I am in favour of it because the Senate will be better informed about important legislation before it is brought into the house, and our committee having made a full examination of a particular bill, will be better able to advise the rest of us and, incidentally serve the public without regard, I hope and trust, to any bias on political or other grounds.

Hon. Mr. Euler: May I ask my honourable friend a question, which could be more readily answered, perhaps, by the leader of the government? I want to get the matter clear in my mind. I think the honourable leader of the opposition made the statement that when railway bills go before the House of Commons they are referred to a committee of that house. That, of course, is so. But I understood him also to say that members of the Senate committee may appear in the committee of the House of Commons, ask questions and examine witnesses. Is that the fact? I doubt it very much.

Hon. Mr. Haig: I think that the government leader should answer that.

Hon. Mr. Robertson: Members of a Senate committee cannot take part, except by invitation, in the proceedings of committees of the other house. But there is precedent for such an invitation. In 1940—I believe, in August—when I was not a member of this house, the Unemployment Insurance Bill was introduced in the other place. It was referred to a committee of that house. That committee invited members of the Senate to attend its sessions, to discuss the subject, to cross-examine witnesses, but not, of course, to vote. That is the incident which I believe the honourable leader of the opposition had in mind. I am sure that, if a committee of this house desires to participate an invitation could be obtained from the committee in the other place, addressed either to members of our committee or, as was the case in 1940, to all members of the Senate. I repeat, however, that such participation would be only upon invitation, and would not entitle our members to vote.

Hon. Mr. Haig: Referring to a point which arose today in conversation with one of the honourable senators from Newfoundland, may I say that nothing in this suggested procedure will take one iota of authority from this house. A bill will come here from the other place, as heretofore, for first reading; it will come before us for second reading; it can be sent to whatever committee this house chooses to send it to, and I hope, if it relates to railways it will be remitted to this Transportation Committee. The committee will proceed to hear witnesses and will call for all such evidence as its members require. When it is reported back to this house, instead of immediately receiving third reading, as has been customary in the past, it would go to Committee of the Whole and be the subject of a thorough discussion.

Hon. Mr. Euler: I fully understand that the bill would come to this house, go to committee, and be afterwards returned to this chamber. What struck me as rather peculiar was that members of our committee would be entitled to go before a committee of the House of Commons, ask questions and elicit evidence. It is a natural course, and one to which I suppose no member of the House of Commons would object, for any honourable senator to go to a meeting of a committee of the other place and listen to the evidence and proceedings; but that he or any member of our committees should take part in all activities of that committee in the other place, except for voting, is almost unprecedented. I hope it is so.

Hon. Mr. Robertson: I happen to have in mind this particular incident, because it was mentioned to me, and I had the Clerk look up the facts. A specific invitation, not from the House of Commons but from its committee, was extended to members of the Senate to participate in the proceedings. Not many honourable senators attended. I think there were five of them at the first meeting and seven or eight at two subsequent meetings. One of them was the honourable senator from Toronto (Hon. Mr. Hayden), who took a leading part in the examination of witnesses. Of course he did not vote. But, as I have said, our colleagues were present by invitation.

Hon. Mr. King: I do not wish to hinder or delay the adoption of the proposal. I concur largely in the remarks of the government leader (Hon. Mr. Robertson) and sympathize with him in his desire to enable the members

to find useful employment and his suggestion that committees be appointed to go into session and make inquiries into matters that are before parliament. But I wonder why at this, our first meeting, we should be asked to rescind an important rule; why should not the normal two days' notice of proposed amendments of the rules of the Senate be given?

I am going to leave that thought with honourable senators and ask permission to move the adjournment of the debate.

Hon. Mr. Robertson: Perhaps I may make an explanation. My honourable friend from Kootenay East (Hon. Mr. King) knows that from the opening of this session I have had in mind the question of what to do about the sittings of the Senate. I have no legislation to place before honourable senators, and it is probable that a short time will elapse before any business will come to this house. I consulted a cross-section of honourable senators at a caucus of available members, including my honourable friend, at which we discussed the best procedure to follow. I had thought we would carry on until Friday with the debate on the Address in reply to the Speech from the Throne, and then I intended to move an adjournment for perhaps two weeks. It was my desire to implement my motion by Friday so that those members who will be here during the adjournment, and who are able to form a quorum, could function. In view of what my honourable friend has said, however, I shall not be able to make my motion until Thursday.

Hon. Mr. Hugessen: The honourable senator from Kootenay East is only moving the adjournment of the debate until tomorrow.

Hon. Mr. King: Yes.

Hon. Mr. Robertson: Oh, I misunderstood.

Hon. Mr. King: I think we should be careful not to rescind too hastily a rule which governs the procedure of the Senate. I move the adjournment of the debate until tomorrow so that we may consider this question at that time. I think that is a proper motion.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, October 17, 1951

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

Prayers and routine proceedings.

COMMITTEE OF SELECTION

FIRST REPORT

Hon. A. K. Hugessen presented and moved concurrence in the report of the Committee of Selection.

He said: Honourable senators, before I submit the first report of the Committee of Selection there are a few words of explanation that I should offer the house.

Your committee met this morning, but we were faced with this difficulty, that there is on the Order Paper for consideration by the Senate this afternoon a resolution with reference to three of the standing committees of the Senate, and this resolution, if passed, will very considerably alter the numbers of members of these committees. I refer to the Committee on Transport and Communications, the Committee on Finance, and the Committee on External Relations. Your Selection Committee felt, therefore, that we could not properly make recommendations with reference to these three committees until the Senate has dealt with the resolution moved by the honourable leader (Hon. Mr. Robertson). This interim report, therefore, deals only with the remaining standing committees and joint committees of the Senate, except for the Committee on Divorce. In our view, as no private legislation is to be introduced during this session, it is unnecessary to constitute the Committee on Divorce for the current session.

I understand that the honourable leader (Hon. Mr. Robertson) is going to suggest, when this resolution which stands in his name has been considered this afternoon, and after the Order Paper has been concluded, that the Senate adjourn during pleasure so that the Committee of Selection may meet again and report to the house with respect to the three committees that to now have been excluded. This will depend, of course, upon the action which the Senate chooses to take upon his motion. I hope that we shall be in a position before very long to submit recommendations to the Senate with respect to the membership of these three committees.

There are two other matters which perhaps I ought to mention. In making our recommendations with respect to the various standing committees we have taken into consideration the suggestion contained in the leader's resolution, that the leader of the government in the Senate and the leader opposite should be *ipso facto* members of all standing committees. We have therefore struck their names from the membership lists of the committees of which they were members last year.

Hon. Mr. King: Are they not members of all committees now?

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

Hon. Mr. King: That has been the practice.

Hon. Mr. Hugessen: It may have been the practice, but it is certainly not a rule of the Senate. The motion of the honourable leader would make it a rule. The fact is that after having removed the names of the two leaders, and because of deaths and for other reasons, there are quite a number of vacancies in certain of the committees. I am going to take the liberty of reading the names of the members suggested for each standing committee, and indicate the number of vacancies in each, so that any honourable senator who feels that he would like to serve on a committee of which he is not at present a member, may have the opportunity of making representations and having his name added. At the conclusion of the reading of these names, I propose formally to move the adoption of the report, but I would not ask the Senate to adopt the report this afternoon. I would ask one of my honourable friends to move the adjournment of the debate, so that the Senate will have a chance to look over the lists of names between now and the next sitting, so that we can give final consideration to the report then.

The report is as follows:

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

Joint Committee on the Library

The Honourable the Speaker, the Honourable Senators Aseltine, Aylesworth, Sir Allen, Blais, Burke, David, Fallis, Gershaw, Gouin, Lambert, MacLennan, McDonald, Reid, Vien, and Wilson. (15)

There are two vacancies on the Joint Committee on the Library.

Joint Committee on Printing

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

There are five vacancies on the Joint Committee on Printing.

Joint Committee on the Restaurant

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

There are no vacancies on that committee.

Those are the three joint committees of both houses. I now come to our own standing committees.

Standing Orders

The Honourable Senators Beaubien, Bishop, Bouchard, Duff, Tremblay, Godbout, Hayden, Horner, Howden, Hurtubise, MacLennan, McLean, Pratt and Wood. (14)

There is one vacancy on that committee.

Banking and Commerce

The Honourable Senators Aseltine, Baird, Beaubien, Bouffard, Buchanan, Burchill, Campbell, Crerar, Daigle, David, Davies, Dessureault, Emmerson, Euler, Fallis, Farris, Fogo, Gershaw, Gouin, Hardy, Hawkins, Hayden, Horner, Howard, Howden, Hugessen, King, Kinley, Lambert, MacKinnon, MacLennan, Marcotte, McDonald, McGuire, McIntyre, McKeen, McLean, Nicol, Paterson, Pirie, Pratt, Quinn, Raymond, Roebuck, Taylor, Vaillancourt, Vien and Wilson. (48)

There are two vacancies on the Committee on Banking and Commerce.

Miscellaneous Private Bills

The Honourable Senators Baird, Beaubien, Bouffard, David, Duff, Duffus, Dupuis, Euler, Fafard, Fallis, Farris, Godbout, Hayden, Horner, Howard, Howden, Hugessen, Hushion, Lambert, MacLennan, McDonald, McIntyre, Nicol, Quinn, Quinton, Reid, Roebuck, Stambaugh and Taylor. (29)

There are six vacancies on the Committee on Miscellaneous Private Bills.

Internal Economy and Contingent Accounts

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

There is one vacancy on that committee.

Tourist Traffic

The Honourable Senators Baird, Beaubien, Bishop, Bouchard, Bouffard, Buchanan, Crerar, Daigle, Davies, Dennis, Duffus, Dupuis, DuTremblay, Fraser, Gershaw, Horner, Isnor, King, McLean, Pirie, Roebuck and Ross. (22)

There are three vacancies on the Committee on Tourist Traffic.

Debates and Reporting

The Honourable Senators Aseltine, Bishop, DuTremblay, Fallis, Grant anad Lacasse. (6)

There are three vacancies on that committee.

Natural Resources

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

There are four vacancies in the memberships of the Committee on National Resources.

Immigration and Labour

The Honourable Senators Aseltine, Beaubien, Blais, Bouchard, Bourque, Buchanan, Burchill, Burke, Calder, Campbell, Crerar, David, Davis, Dupuis, Euler, Fallis, Farquhar, Fogo, Gershaw, Hardy, Hawkins, Horner, Hushion, MacKinnon, McIntyre, Pirie, Reid, Roebuck, Taylor, Turgeon, Vaillancourt, Veniot, Wilson and Wood. (34)

There is one vacancy on that committee.

Canadian Trade Relations

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

There are five vacancies on that committee.

Public Health and Welfare

The Honourable Senators Blais, Bouchard, Burchill, Burke, Comeau, David, Davies, Dupuis, Fallis, Farris, Gershaw, Golding, Grant, Hawkins, Howden, Hurtubise, Kinley, Lacasse, McGuire, McIntyre, Pratt, Roebuck, Stambaugh, Veniot and Wilson. (25)

Honourable senators, there are ten vacancies on this committee.

Civil Service Administration

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

That committee has six vacancies.

I come now to the last committee.

Public Buildings and Grounds

The Honourable Senators Barbour, Dessureault, Fafard, Fallis, Fogo, Horner, Lambert, McGuire, Paterson, Quinn, Stevenson and Wilson. (12)

Honourable senators, I now formally move concurrence in the report, and ask some honourable senator to move the adjournment of the debate.

Hon. Mr. Beaubien: Honourable senators, I move the adjournment of the debate.

The Hon. the Speaker: Honourable senators, when shall the report be considered?

Hon. Mr. Hugessen: Tomorrow.

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

THE SENATE AND ITS WORK

MOTION TO AMEND THE RULES

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson:

That the Rules of the Senate be amended by striking out paragraphs 5, 17 and 19 of Rule 78 and substituting therefor the following:

"5. The Committee on Transport and Communications, composed of not more than seventeen Senators.

17. The Committee on Finance, composed of not more than seventeen Senators.

19. The Committee on External Relations, composed of not more than seventeen Senators."

And by adding a new Rule 78A, as follows:

"78A. The Senators occupying the positions of Leader of the Government and Leader of the Opposition in the Senate shall be ex officio members of all Standing Committees of the Senate."

Hon. J. H. King: Honourable senators, when I rose last night during the debate on this motion I tried to make it clear that it was not my intention particularly, to delay the matter before us, but rather to take exception to an attempt at the opening of the session to set aside one of the most important rules of the Senate—the rule which requires two days' notice of a motion to amend the rules. I thought it rather unwise to proceed unless we understood exactly what was involved, and I therefore moved the adjournment of the debate. From my own experience here I know that a motion of this kind is very rare; if my memory serves me, it is usually moved a short time before the prorogation of Parliament. The leader of the government then gives two-days' notice that the rules are to be amended so that government business may have precedence over private business. That is a proceeding with which we are all familiar, but I have not known this kind of motion to be presented as early in the session as this one has been.

I repeat that it is not my intention to delay action in this matter. I am in full sympathy with what has been suggested by the leaders; I concur in it; I understand it is the result of consultations among various members, representative of the entire chamber. Nevertheless, I thought it fitting to bring to the attention of the house the point that the rule with respect to notice should be abrogated only under great stress of necessity. Two days' notice is not too much to ask in respect of a change of the rules of the Senate. I have nothing further to say: I concur in the motion.

Hon. Salter A. Hayden: Honourable senators, I have no definite views as to whether the numbers of the three committees mentioned in this resolution should remain as at present, or should be reduced to seventeen each. Several years ago we thought it advisable, for the purpose of giving more representation to the membership of the Senate, to increase the numbers of members on these committees, and the three committees which are particularized in the motion were enlarged so that at the present time there are fifty members of the Finance Committee, fifty of the Transportation and Communications Committee, and thirty-five of the External Affairs Committee. For the two first-named committees the quorum established at the beginning of each session was, I believe, nine: what it was for the Committee on External Relations I do not recall. But the size of the quorum is a matter for the committee to establish each session, at its first meeting after its constitution. As I have said, three years ago we thought that the larger numbers would enable more members to participate in the hearing of evidence and in discussions, so that more senators would be informed on the details of the subject-matters inquired into. The fact that this resolution is now before us forces the conclusion that the change has not worked out in accordance with expectations; that information obtained in the committees did not percolate down to all members, as it was hoped it might; and it is now supposed that these committees will be more workable if their numbers are reduced to seventeen each.

As far as my view goes, I cannot see how committees can be made more workable and more efficient with a membership of seventeen than with a membership of from forty to fifty. I think there is a possibility that with the larger membership, and more honourable senators having the right to attend, sit at the table, and enter into discussions, more will in fact attend, feeling it their duty to be there, and that consequently more will be informed of what goes on. However, whether the numbers on a committee be seventeen or fifty, it will require the will and the effort of all its members to make it function well. As far as I am concerned, I am satisfied with the work of these committees in the past three years. They have done a good job, whether their numbers fell to a bare quorum or there was an attendance of 95 per cent; and I believe that, whether the membership is reduced to seventeen or not, this record will persist.

My reason in rising today has nothing to do with the inherent right of the Senate to change its rules and to reduce or increase the number of the members to be assigned to committees. My purpose in speaking is to deal with some of the reasons which were given by the leader of the government and the leader of the opposition in support of this resolution. The leader of the government thought that as a result of his motion the Senate committees would get more work, and that this would result in more work for the Senate itself. My honourable friend the leader of the opposition thought that this new system would provide what has hitherto been sorely lacking, namely, a public-informing discussion of legislation. The leader opposite also thought that senators would

be better informed about important legislation before it was brought into this house, because it would first be fully inquired into in committee.

What I desire to point out is that the recommendations which have been made in support of this resolution could equally well be made whether the committee is comprised of seventeen, twenty-five, forty, fifty, or the entire membership of the Senate. Everything depends, first, on whether or not the subject matter to be considered is referred to a committee. Secondly, the benefit to be derived is dependent, not on the size of the committee, but its capacity and the effort it puts into its study. As a matter fact, I feel that if a committee has only seventeen members, with a quorum of five or seven, there might be some feeling of frustration on the part of witnesses summoned to appear before it. They may say "The Senate feels that a committee of five or seven is sufficient to consider these important matters which may be the foundation for legislation". How are senators going to be better informed because committees are smaller? They can only be better informed if, as happens at the present time, a bill is reported back to the house and opportunity is given for debate. The present procedure allows ample opportunity for discussion, so that everything which has been elicited in committee may be brought forward and discussed in the house. In this way, any honourable senator may acquire information that has been developed in committee.

So far as the lack of information in the Senate is concerned, I feel that honourable senators who have explained legislation in this house have given a full and fair development of the subject matter under discussion. There has always been considerable catechizing of the person explaining legislation. Why has it been introduced? Why does it have to go as far as it does? Such questions can be unlimited, the only limit being in the ability of the person explaining to answer them.

As I have said, I have no fixed view as to the numbers who should serve on the various committees. That is entirely a matter for the majority of senators to decide. It may be fifteen, seventeen, twenty-one or fifty. I am impelled, however, to speak earnestly about the reason stated for reducing the committees, namely, that it will enable senators to become better informed and will overcome the present lack in getting enough information to senators when dealing with legislation that comes before them in this chamber. In my opinion that assertion is 100 per cent wrong.

Hon. Thomas Reid: Honourable senators, it was not my intention to take part in this debate, but after listening to the remarks of the honourable senator from Toronto (Hon. Mr. Hayden) I feel that I should say something at this time. I am not the sponsor of this motion, of course, but I support it. Many of the statements which have just been made could be applied contrariwise. I have not been a member of the Senate for very long, but I think I have done my fair share of committee work, and I have been very glad to do it.

I have done much committee work since first coming to parliament in 1930, and I do not agree with the remarks the honourable senator from Toronto has made about witnesses being summoned before small committees of five or seven members. I have sat in at meetings of Senate committees where the membership has been fifty, and I have seen witnesses speaking to only seven members. I always wondered where the rest of the members were. Therefore, so far as that part of my friend's argument is concerned, it works both ways.

This is the way I understood the remarks of the leader of the government, and the remarks made in committee before the Senate met. The suggestion was made that legislation forecast in the Speech from the Throne would be sent to these three committees, and that they would do something which has not been done before—they would find out the complete particulars of the legislation before the bill came to this house, which is not the case now. Then, when the bill was referred to committee and reported back to the Senate, there would be six or seven senators, who had been on the committee who would be in a position to answer any questions about it. It was suggested also that when legislation is reported back to this house the Senate will sit in Committee of the Whole in full view of the public and the Press Gallery. In this way they will know that we are really earnest in our efforts to thoroughly examine legislation that comes before us. If I am wrong in my understanding of this motion, I should like to be put straight. For the reasons I have given, and others, I intend to vote for the motion presented by the leader of the government.

Hon. Norman P. Lambert: Honourable senators, I am sorry I did not hear the discussion on this motion yesterday, but I have read the report of the debate in *Hansard*.

I should like to point out that Rule 5, which it is proposed to change, has reference to the Committee on Transport and Communications, which has a membership of fifty. The history of this committee has been very different from that of some of the other

standing committees in question. I think that the Committee on Transport and Communications and the Committee on Banking and Commerce have been identified with some of the most important legislation which has been brought before parliament during many years past. The outstanding feature of my first session in the Senate, 1938, was the handling of the Transport Bill by the Standing Committee on Railways, Telegraphs, and Harbours, as it was then known. The work of that committee had a great deal to do with the final outcome of that matter. As to the relationship of the provinces to these very important national matters, I do not need to refer senators back farther than to 1903, when the Railway Act came into existence; or to 1922, when there was a very important development over the Crowsnest Pass Agreement. I think that the Turgeon Report, with its recommendation for zonal rates and the possibility of completely changing transportation economics in this country, introduces once more that feature of provincial concern in whatever action we may take. It seems to me that to reduce the number of members of the Transport and Communications Committee at this time would be to suggest very definitely that the Senate is relinquishing its active interest in the very important subject-matter that has been assigned to this committee in the past.

I have no objection at all to the proposed reduction in membership of the other two committees—the Committee on Finance and the Committee on External Relations—because I do not think that they are in the same class at all as the Transport Committee, from the point of view of subject-matter or of historical record.

As to the bill which will be brought down, first in the other house, to implement the Turgeon Report, I regret very much that the government, which is responsible for the procedure in parliament as a whole, could not have seen its way clear to refer the matter to a joint committee before bringing down the bill. That could have been easily done. This proposed amendment of the Railway Act to make it fit in with recommendations of the Turgeon Report will be, I suppose, the most far-reaching and vital measure that the representatives in parliament have had to deal with for many a year, and I think that for the purpose of keeping public opinion informed on the matter we should have proceeded through a joint committee. The Turgeon Commission, which held sittings over a period of nearly three years, followed court practice with respect to the presentation of material to it. That is, only lawyers were allowed to appear before the commission. Agricultural, labour, manufacturers and other organizations, for instance, were not permitted to make representations except through legal counsel. It is no secret that that procedure created a certain difference of opinion while the commission was sitting. My point is that full opportunity should now be given to all sections of the country to present their views and suggestions on the Turgeon Report to a committee comprising representatives of both houses. I say it is particularly important that the Senate, because of its historical connection with the development of transport legislation in this country, should be represented on the committee.

One other matter that has come into my mind while I have been thinking about the work of the Transport Committee is the prospect of establishing a new and larger field for the Canadian Broadcasting Corporation. While no bill has so far been brought down to deal with the subject, we have at least the prospect of mass communications. In the past the jurisdiction of the Board of Transport Commissioners in matters of communication has been limited largely to telegraphs, but I am assuming that whatever development is undertaken in radio and television will come under the head of mass communications, and may be—of course, I do not know whether it will be—brought under the jurisdiction of the Transport Board. That is something about which we can express an opinion when the legislation comes before us. I wish to say now that I do think our Committee on Transport and Communications should deal with this whole question of radio and television.

And here again I feel that, having in mind the public reaction to these things, the government would be greatly benefited if a joint committee of both houses were to consider the question. We all know something of what is involved in this—a suggestion of a larger and more extensively subsidized form of communications through the Canadian Broadcasting Corporation; but I do not believe that the people of the country have begun to appreciate all that is involved in the setting up of a tremendous state organization in this field. There is of course already a state organization for broadcasting, but the proposal is to add to its powers over television and radio communications. Nothing but good would have resulted from the appointment of a joint committee, where public reactions to the government's proposals could have been studied.

I have made these remarks in an endeavour to emphasize the distinction that I see between the Committee on Transport and Communications and the other two committees mentioned in the motion. My suggestion

that the membership of the Transport Committee be not reduced this session is made because of the proposed legislation mentioned in the Speech from the Throne. I am, of course, not at all suggesting what attitude anyone should take towards the measures when they come before us. There will be opportunity to deal with them at that time.

I am disappointed that we are not going to have a joint committee of both houses on the Transport Bill, but I do think that if it is at all possible there should be a joint committee on the radio and television matters.

Hon. Gray Turgeon: Honourable senators, I had not intended to speak in this debate until I listened to the remarks of our colleague from Ottawa (Hon. Mr. Lambert). The leader of the opposition (Hon. Mr. Haig), the senator from New Westminster (Hon. Mr. Reid) and others have recommended that the Senate should more often consider bills in Committee of the whole. When this motion, which would reduce the membership of some committees to seventeen, has been agreed to, I think the Rules of the Senate should be changed to enable senators, if they wish, to meet in Committee of the Whole to consider reports from committees, particularly those from committees whose membership has been limited.

Hon. Mr. Euler: We do not need a rule for that.

Hon. Mr. Haig: That is the rule now.

Hon. Mr. Turgeon: Then we should be particular to see that it is done.

It has been said that senators who do not belong to a committee may attend its hearing and participate in the debate, but may not vote.

Hon. Mr. Euler: That is the rule now.

Hon. Mr. Turgeon: Naturally, quite a few senators do not attend meetings of committees of which they are not members because of their inability to vote.

In a committee of seventeen members the majority in favour of a report is bound to be small; it cannot be more than seventeen, and may be only nine or ten. It seems to me that if the Senate made it a rule of practice to receive reports of committees, particularly those of the smaller committees, in Committee of the Whole, we would then all have the opportunity to cast our vote or to take part in the debate in this chamber.

The honourable senior senator from Ottawa (Hon. Mr. Lambert) has pointed out that a great many recommendations heard by the Royal Commission on Transportation were representative of geographical areas in Canada. To a large extent that is true of the proceedings of the Senate, because its membership is based on geographical divisions rather than on population or political doctrine or affilation.

My friend from Ottawa spoke particularly of the Committee on Transport and Communications and the committee having to do with the Massey report. When these committees make their reports, all senators should be given an opportunity to discuss the matters in question in Committee of the Whole. In that way we will hear representations from the various geographical areas, and each senator may register his vote if he wishes to do so.

I wish to compliment the honourable senator who has just spoken upon the tenor of his speech, and to join with those who have suggested that we should consider reports in Committee of the Whole, particularly reports of the proposed smaller committees.

Hon. Gordon B. Isnor: Honourable senators, perhaps I may be permitted to express my thoughts briefly, notwithstanding the fact that they differ from those expressed by the brilliant senator from Toronto (Hon. Mr. Hayden). Naturally, that honourable gentleman, with his legal qualifications, is more or less of a guide to me in many matters; but I feel that neither he nor I may be entirely wrong in our approach to this subject.

The introduction of this motion by the leader of the government impressed me very much, and I felt that when I had an opportunity I should compliment him on having carried forward from last session the thought that the Senate should exert greater effort in the interests of the people of Canada. The streamlining of the committees by reducing their membership from fifty or thereabouts to seventeen, and placing on such committees senators particularly interested in the subjects to be referred to them, should bring about the results that the leader desires.

I should like to remind the honourable senator from Toronto (Hon. Mr. Hayden) that most men today have specialized branches of activity, such as he has in his own profession. For instance, when one went into a classroom a few years ago he saw from forty-five to sixty pupils. Today, modern schools have considerably reduced classes, the simple reason being that they can give more concentrated study to the subject before them. I think that illustration demonstrates better reasoning than the argument advanced by my honourable friend, for it, as was said by the honourable senator from New Westminster (Hon. Mr. Reid), could be used in support of either side of the question.

I am all for reducing the size of certain committees, provided that the attendance will be maintained. In that way a committee can better give the required study to the subject placed before it. Further, the individual senator is unable to serve effectively on a number of committees, and by reducing the membership, the personnel of committees will be selected in the light of the work for which they are best suited.

I certainly intend to support the motion.

Hon. Jacob Nicol: Honourable senators, I have found it rather difficult to follow the logic of some of the arguments that have been presented in support of the motion now before the house. It appears that the leader wishes a small committee to study a certain matter which will be placed before it, and thinks that in that way the members will be better informed. The purpose of a committee is, I think, to inform the members of the house with respect to legislation. Now, how can a small committee be better informed than a large committee? I think it was the honourable leader opposite (Hon. Mr. Haig) who made the suggestion that a small committee would report to Committee of the Whole. But when the house meets in Committee of the Whole to consider the report of a small committee, it will not be as well informed as if that committee had had a membership of say forty.

It seems to me that the purpose of a committee is to study legislation and save the time of the house. There are, in fact, few bills which need to be referred to a standing committee. Why not, therefore, refer a large number of bills directly to Committee of the Whole, and thereby save time? The arguments in support of the motion do not seem logical.

Two or three years ago the rules of the Senate were amended. I objected to the amendment, but I did not express myself in the house. Today a similar resolution is before us again, and although I believe the motion will go through, and I know that the honourable leader has only the best interests of the house at heart, I respectfully beg to differ with him; and this time I want my dissent to be registered.

Hon. C. B. Howard: Honourable senators, I have only a word or two to say. I believe that if we make the proposed change it will be a step backward—as far as the Senate is concerned.

Not long ago, when I was Whip on this side, a certain piece of legislation was submitted to a large committee. Its members sat around the table, and successfully adjusted differences between two outstanding companies in a manner beneficial to both companies and to the people of Canada. Had the membership of that committee been small, its actions might have given rise to a debate in this chamber, and probably the solution would have been less satisfactory.

To put it another way: if the Senate is a house of revision, whose duty it is to take into consideration the interests of all sections of Canada and watch legislation to avoid injustice to any part of the country, a larger committee is much more representative and serviceable than a smaller committee. If we were to follow through the suggestion of my honourable friend and colleague, it might be argued that another place would be greatly improved if its membership were reduced from 262 to 100.

I am convinced that to adopt this motion would be a move in the wrong direction.

Hon. Arthur Marcotte: I wish to say a word on this motion. I hope the honourable leader will not be offended when I say that it seems to me rather childish. How is it possible to improve a committee by the mere process of reducing its membership? In my experience of twenty years in this chamber, this is about the third time that we have tried to improve things. At one time, after studying the two methods of proceeding—whether by small or by large committees—we concluded that the larger the committee the better.

After all, what is the aim of this resolution? To reduce the quorum? No, because the quorum is to be the same as before. If with a large committee the quorum is about the same, it would seem to follow that the larger the number on a committee the better it can operate. That has been my experience while a member of this chamber.

I always smile when I hear honourable senators talk about operating by means of Committee of the Whole. We have tried that. We have invited ministers of the Crown to appear before us here so that we could get more enlightenment. Did we get it? We never got it.

Hon. Mr. Hugessen: Oh, yes.

Hon. Mr. Marcotte: In fact, only on two occasions have ministers attended here. I remember when one of them—the Minister of Transport, I believe—spoke to us. After the meeting he came to me and said, "Senator, I thank you: you were the only one on your side who listened to me. The others were gone". Why? Because what he said did not interest us, since there was nothing he told us which we did not know before. Much has been said about the benefits to be obtained

from smaller committees, and from explanations given at meetings. I invite honourable senators to read what the leader of the opposition (Hon. Mr. Haig) said yesterday. He wants improvements. But of what kind? I can find nothing in his explanation which will correct one single defect. Can he assure us that the government will change its practice of bringing down important measures in the last week of the session? We could not enforce such a change: we have no power to do it. Would it not be better to have more members on our committees? Maintain the quorum at the same figure but give the opportunity to other senators to attend, to listen, to speak and to vote. The larger the committee, the better work it will do.

I may be wrong, but the reasons so far advanced for the change do not begin to convince me that our rules will thereby be improved. As for meeting in Committee of the Whole, the existing rules provide for that; all that it is necessary to do is to follow the rules as they are, and then we shall be on the safe side.

Hon. Mr. Haig: I think we are trying to take too long a view. This is one session; next session we can change our procedure if we see fit. As a matter of fact, those of us who were at the conference of the senators know that while the suggestion was made that the committees be composed of seventeen members each, the leader of the government pointed out that we could fix the number at twenty-five, or thirty, or whatever figure we saw fit. He thought that to start with seventeen would be a good number. As regards attendance, I wish some members of the Finance Committee, on which I have served every year, would stand up and tell us how many times they have attended its meetings.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Haig: Very few. Most of the work was done by the steering committee of that committee, who got together, found out what was to be done, and then called the committee together again. There was a very slim attendance. In any event, this amendment is not like unto the laws of the Medes and Persians—unalterable. As the honourable member from Kootenay East (Hon. Mr. King) told us, tomorrow we could bring in notice of an amendment, and two days after we could again change the rules.

Let there be no misunderstanding. I said a year ago that I was satisfied with the rule the Senate has been applying. I believe it has made for the finest kind of service to the people of Canada. But I have met many other people who thought differently. Now the leader of the government (Hon. Mr. Robertson), in a spirit of fairness, of sincerity and of humility, comes forward and tells us that he withdraws the suggestions he made last year but he thinks that this new proposal is one whereby the Senate, within its own confines, can give greater service. Personally I would suppose, were I chairman of one of these committees, that I had a better chance of bringing together seventeen people to do a particular job than of getting fifty.

Hon. Mr. Marcotte: What about the quorum?

Hon. Mr. Haig: The quorum has nothing to do with it.

Hon. Mr. Marcotte: Oh, yes, it has.

Hon. Mr. Haig: You can have a quorum of any number you like. For the Banking and Commerce it is nine, and frequently we have an attendance of ten, and it is pretty hard to get them there. Its members like those of the Finance Committee, do a lot of individual digging and hard work.

The scheme as embodied in this motion may not work, but it can do harm to try it for one session. Candidly, had I been the leader of the government, I would not have introduced this motion. In my heart of hearts I do not believe it is necessary. But I have often been wrong, and the government leader is as capable as I am, and probably more capable, of deciding upon and presenting a measure to improve the service of the Senate to the people of Canada. I am prepared to give this scheme a trial. That is all I ask of my colleagues. If when we meet again next year we find the results unsatisfactory, I will be the first man to stand up in this chamber and say so; and if a majority agree with me, we can make a change. In any event we are acting within the measure of our own powers; we are doing our work in our own house: and I may add that it is no new suggestion that we should operate in Committee of the Whole. I am persuaded that if I were a member of the Transport and Communications Committee and held the same views as does the honourable senator from Ottawa (Hon. Mr. Lambert), I would attend every meeting of that committee. I would be so well informed on the matters discussed before that committee I could answer every question asked about them in this house. I do not think I am boasting when I say that I can do that now on matters of finance, and this is because I have taken a deep interest in the work of our Finance Committee and have faithfully attended its meetings.

This motion is not for the purpose of wrecking the Senate, or even reforming it; it

is just an attempt to help the Senate to give better service. It may not succeed, but I think it is worth trying.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: Honourable senators, while I would have been willing yesterday to have had my motion passed by the unanimous consent of the Senate, I feel indebted to the honourable gentleman from Kootenay East (Hon. Mr. King) for having adjourned the debate until today, for honourable senators who were not at our caucus meetings have thus had the opportunity to express their views.

When I introduced my resolution last year I made it quite clear that not even my deputy leader (Hon. Mr. Hugessen) was in my confidence. I was acting entirely on my own responsibility, and nobody knew in advance anything about the contents of my motion. The situation is different this year. For one thing, there is no immediate legislation before us. It would have been a simple thing, of course, to have moved the adjournment of the Senate for two or three weeks, and when we returned, if there was still no legislation, to move a further adjournment. But let us remember that in the last week or two of this session some of the most important legislation ever to come before parliament will be placed before us for consideration. It was for this reason that I took counsel with every senator of both parties I could find. I explained my difficulties to them, and as a consequence a special committee was appointed to give this whole question full consideration, and it was generally felt that it was my responsibility to propose some procedure to this house. A second caucus was held by the Senate, at which time I outlined in detail what is included in my motion. Various questions were raised about the size of committees, and so on, and in explaining how I arrived at the size of certain committees, I confessed that I had been largely responsible in recent years for increasing the membership of such committees as the one on Natural Resources.

At this time, with all deference to my colleagues in the government, I want to say that I do not believe it would have been possible for legislation to be presented in this house any more capably than it has been presented in the past by those honourable senators I have called upon to perform that function.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Robertson: I do not wish to make any invidious comparisons, but I have always entrusted the mysteries of finance to my honourable friend from Toronto (Hon. Mr. Hayden), and I think his explanations have always been crystal-clear.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: There is no question about that. And I think I can say without hesitation that I myself have acquired some skill in gathering information and explaining bills.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: That is not the point, however. The point is that if the legislation on transportation which is anticipated is sent to us in the last week or so of this session, no matter how clearly any member may explain it, honourable senators will have only a short time to deal with it, and they will be pretty well limited to information acquired by attending the sittings of the other house and from reading the newspapers. We cannot get away from that fact.

I have often been asked, "Why do you not get more business to the Senate in the initial stages of the session?" Well, I have done the best I could, and I think I did enjoy some measure of success in this matter a year or two ago.

The best illustration of legislation coming to us late in the sessions is the budget bill. Practically twenty minutes after the estimates have been passed in the House of Commons they are placed on my desk. One of the most embarrassing things I ever had to do was to ask the Senate to approve expenditures of billions of dollars without there being any opportunity to examine them in any way, shape or form. It will be recalled that two years ago I suggested that the estimates be referred to the Standing Committee on Finance in anticipation of the Appropriation Bill coming to this house. Despite some scepticism my suggestion was accepted, and I think it is now generally recognized that the work of the Finance Committee in dealing with the estimates has been excellent.

I am now proposing that we adopt the same procedure in relation to other important legislation. The numbers mentioned for the committees may not be right. If they are not, I shall be the first to admit it. The proposal may not work, but I should like it to be tried. I suggested that these committees have a membership of not more than seventeen because I have found that to be an effective membership; and I suggested six committees with that membership because they would embrace the total number of senators, 102, and every senator would be a member of at least one of these important committees. At present, of course, we could not carry out

that proposal in full, for instead of having a full membership of 102 in the Senate just now we have fifteen vacancies. But my suggestion is that this session we try the experiment with only three committees, they being ones to which I anticipate very important legislation will be referred.

The senator from Ottawa (Hon. Mr. Lambert) has mentioned the traditionally large membership of the Committee on Transport and Communications. I should perhaps have omitted this committee from my suggestion, for I would have no fixed ideas on this matter were it not for the important and complex Railway Bill which we are expecting to have to deal with. Also I thought it would be well to have the membership of that committee reduced, so that those members who are remaining in Ottawa during the expected two weeks adjournment of the Senate could proceed to function. It is true, of course, that any senator, whether appointed to the committee or not, may attend its sittings. But my experience has been that, as a rule, senators are not eager to attend committees of which they are not members and on which they cannot vote. For instance, though I have frequently invited senators who are not among the fifty members of the Banking and Commerce Committee to appear and take part in proceedings of that committee, I have usually found them diffident.

Honourable senators, the proposal that I have made in my motion may prove to be entirely wrong, but I should like to see it given a trial.

The motion of Hon. Mr. Robertson was agreed to on the following division:

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BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, in view of a probable adjournment to facilitate the work of the house, I should like to move that the Senate adjourn during pleasure, to enable the Committee of Selection to continue its work and table its second report later this afternoon so that it may be taken into consideration tomorrow. When the sitting is resumed I shall ask the chairman of the committee to read the report, in order that the names of the senators nominated to the committees will appear in our record.

I therefore move that the Senate adjourn during pleasure, to reassemble at the call of the bell within the hour.

The motion was agreed to.

The Senate adjourned during pleasure.

The sitting of the Senate was resumed.

COMMITTEE OF SELECTION

SECOND REPORT

Hon. Mr. Robertson moved that the house revert to the order, "Reports of Committees".

The motion was agreed to.

Hon. Mr. Hugessen: Honourable senators, the Committee of Selection appointed to nominate senators to serve on the several standing committees for the present session have the honour to present herewith, as their second report, the following list of senators selected by them to serve on each of the following standing committees, namely:

Standing Committee on Transport and Communications

The Honourable Senators Baird, Campbell, Daigle, Davis, Dessureault, Fallis, Gershaw, Grant, Hawkins, Hayden, Horner, Hugessen, Kinley, McLean, Paterson, Raymond and Reid.

Standing Committee on External Relations

The Honourable Senators Beaubien, Buchanan, Burchill, Burke, David, Farquhar, Fogo, Gouin, Howard, Lambert, Marcotte, McGuire, McIntyre, MacLennan, Nicol, Turgeon and Veniot.

Standing Committee on Finance

The Honourable Senators Aseltine, Barbour, Crerar, Dupuis, Fafard, Fraser, Golding, Isnor, King, Lacasse, Petten, Pirie, Quinn, Stambaugh, Taylor, Vaillancourt and Vien.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hugessen: Tomorrow.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, October 18, 1951

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

Prayers and routine proceedings.

HIS MAJESTY THE KING

MESSAGE OF THANKS TO THE SENATE

The Hon. the Speaker: I would ask honourable senators to rise.

(*The senators rose and stood in their places.*)

The Hon. the Speaker: In conformity with the wishes of honourable members, I addressed a cablegram to the Private Secretary of His Majesty the King, conveying to His Majesty, with our respectful duty and our loyal devotion, the expression of our gratification at his constant progress towards recovery, and our sincere good wishes.

I now have the honour to inform you that I have received a cablegram from His Majesty the King, which reads as follows:

The Speaker of the Senate of Canada,
Ottawa.

Please convey to the Senate of Canada my sincere thanks for their kind and loyal message of good wishes, which I much appreciate.

GEORGE R.

NORTH ATLANTIC TREATY

CANADIAN FORCES IN EUROPE

Before the Orders of the Day:

Hon. Mr. Robertson: Honourable senators, I beg to lay on the table certain miscellaneous documents, the titles of which will appear in our records. One of the documents is of such importance that I think I should read it to the house. It is Order in Council P.C. 5598, dated October 18, 1951, giving authority for the maintenance on active service of officers and men of the Canadian Army and the Royal Canadian Air Force. It reads as follows:

His Excellency the Governor General in Council:

Whereas the North Atlantic Treaty was entered into for the purpose of preserving peace by building up the strength necessary to deter aggression, and, to assist in this purpose, it was decided to form an Integrated Force in Western Europe;

And whereas an Integrated Force is now being established under the Supreme Command of General Eisenhower;

And whereas, at the last session of Parliament it was announced that elements of the Canadian Army and the Royal Canadian Air Force were to form part of this Integrated Force and provision was made for the appropriate expansion of the Army and Air Force;

And whereas a Canadian Infantry Brigade Group has been raised and has reached the state of training where it may properly be dispatched to form part of the Integrated Force, and Air Force squadrons are being progressively formed, equipped and trained to build up an air division in the Integrated Force, but pending the provision of airfield and other accommodation some of these are to be stationed in the United Kingdom;

Therefore, His Excellency the Governor General in Council, on the recommendation of the Minister of National Defence, is pleased, hereby, to make the following order:

Order

In furtherance of Canada's undertakings under the North Atlantic Treaty, authority is hereby given for the maintenance on active service of officers and men of the Canadian Army and the Royal Canadian Air Force, not exceeding 12,000 in number, as part of, or in the United Kingdom in readiness to form part of, the Integrated Force under the Supreme Allied Commander, Europe.

Honourable senators, I hope to be able to give notice, later at this sitting, of a resolution, for consideration tomorrow, authorizing Canada's participation in these defence forces.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Tuesday, October 16, consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mr. Vien for an Address in reply thereto.

Hon. John T. Haig: Honourable members, I wish to join with the previous speakers in saying how happy I am, and all Canadians are, to hear of the good progress the King is making in his return to health.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: The King is a symbol of the unity of the Empire, and he offers to the world at large a wonderful example of true family life.

I am delighted, as I am sure all honourable senators are, with the reception that Her Royal Highness Princess Elizabeth and her consort the Duke of Edinburgh are receiving in Canada. I make no distinction as between cities, for the reception everywhere has been one of most genuine warmth. Her Royal Highness has yet to visit Canada's largest city, and I am of the opinion that there she will receive the most enthusiastic reception of all. I am sure also that the Maritimes and Newfoundland, in their welcome to our royal visitors, will come up to the high standard set elsewhere in Canada.

The response on the part of Canadian people has so far been just what I had expected of them. For instance, I was quite sure that, in my home city of Winnipeg, there would be 200,000 people on the street, and I did not think there would be enough policemen in Canada to hold back the crowd. I am happy to say that notwithstanding the wild enthusiasm, there is no possible danger

of interference by anyone with the royal tour. The people of my province, along with other Canadians, are most happy that the royal couple should set such a fine example of the virtues of home and family life as we know them.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: I wish to say a few words to the honourable mover (Hon. Mr. Vien) and the honourable seconder (Hon. Mr. Wood) of the Address in reply to the Speech from the Throne. I say candidly and with the best of good will that I was a little disappointed with the speech of the honourable mover. Certainly, he is a most eloquent parliamentarian, a well educated man and one who, like many others, has given great public service to his province and to the country at large. Nevertheless, I was a little disappointed in his remarks, because I felt that he read too much of his speech for it to have the proper effect on the members of this house. True, he gave a fine summary of the accomplishments of the Liberal party during the past fifteen or sixteen years. I think, however, he overlooked one important point, which appears in the *Minutes of the Proceedings* of this house on June 21 last, at pages 412 and 413. Had he had those pages before him, I am quite sure he would have included in his speech some of the facts they contain. There it is shown how the expenditures of government in every department—municipal, provincial and the federal—have shot upwards within the past fifteen years.

Hon. Mr. King: We are growing.

Hon. Mr. Haig: The costs are still growing.

I was delighted with the speech of the honourable senator who seconded the motion. I thought he showed great judgment in his references to grain-crop conditions in Western Canada. He is a true westerner, and he set clearly before you the problem that we of the West face in the matter of production. Although Alberta also produces oil to some extent—

Hon. Mr. MacKinnon: Everything.

Hon. Mr. Haig: —and Saskatchewan possesses some oil, and probably some radium, the prairies are mainly dependent upon grain crops. I advised the honourable senator from Regina (Hon. Mr. Wood) that I intended to steal some of his thunder. This season the prairie provinces gave every sign of producing the best grain crop ever raised in our country, but unfortunately, because of rains which began in August and continued through September into October, much of the crop will never be harvested. As the honourable senator mentioned, probably one-third of the grain will be non-millable, that is it cannot be converted into flour. Nevertheless this year's harvest, plus the heavy carry-over from last year, confronts the transportation system with a weighty problem.

In this connection I want to congratulate the government upon having appointed Roy Milner to supervise the organization of grain transportation. I know him well. He was, I believe, born in Winnipeg, and after some years spent in Alberta returned to Manitoba. He knows the grain business, including the problems of grain transportation, from beginning to end. He is reliable, possesses much business ability, and also—something that I think is needed to handle a system of this kind—lots of guts; the resolution to carry out what he thinks should be done. No doubt he will have a fair amount of trouble to overcome in his new position, but I know of no other man in my experience of the western provinces who, under the very difficult circumstances of the times, is capable of doing a better job.

Having complimented the honourable member from Regina on his address, I want to congratulate the government—though let nobody suppose that I am a supporter of this government.

An Hon. Senator: You are a young man yet.

Hon. Mr. Haig: I want to congratulate the government upon the manner in which they have handled the drainage problem connected with the Red River floods last year. Canada and the world at large responded magnificently to the flood emergency, and we Manitobans, especially the inhabitants of the Red River valley, can never be too grateful to people in this country, and in every part of the world where our calamity was known, for the way they "came through" and helped us. Especially I would express my appreciation of the action of the Dominion Government and Parliament. Not only did they respond readily to our request for money—financial aid is not always the most important—but we have been inspired by the promptitude with which they made available engineering skill and created conditions which I think will protect us for many years from a recurrence of flooding. In a word, what has been done is to erect, in urban areas, permanent driveways at a height of forty-five feet above the datum line along the Red River valley. These roads are being used today as highways. A flood of the dimensions of the one last year would require the heightening of the roadway by two and a half feet; but there is of course plenty of room for the provision of this additional protection. One-fourth of the cost of this work falls on the province, three-fourths, or approximately

three and a half million dollars, on the Dominion Government. The work has been well and economically done, and on behalf of the people of Manitoba, and especially those in the city of Winnipeg and the Red River valley, I thank the Canadian Government and the Canadian people for what they have done in this regard.

Next I wish to discuss the housing problem. I think the government made a mistake some six or seven months ago when it changed the housing regulations so that larger down-payments would be required on new homes. The housing problem in Winnipeg is not as serious at the present time as it was a year or two ago, but I understand that it is a vexing one in Montreal, Toronto and Vancouver. The housing question goes to the very root of family life. Unless housing accommodation is satisfactory there cannot be proper family life. The profession to which I have the honour to belong constantly has to meet the problem of broken homes. One of the things which saddens a lawyer's heart —and many of us do have a heart—is to see a home broken up because four or five children are forced to live in a three-roomed house. I realize that the problem facing the government is a serious one; but the people of Canada will insist upon its solution. And the problem is one that I think can be solved. I am glad to see that the government propose to afford some let-up in the regulations for purchasing new homes, but I think they will have to go further and revert to the regulations which existed prior to the last seven or eight months.

I have mentioned the cost of administration on municipal, provincial and federal levels in this country, and I recall the examination made by a committee of this house just about four months ago. If we are going to carry on adequately the preparation for a war of freedom, spending large sums of money to properly equip our armed forces, and if we are going to make any effort at all to keep the cost of living down, we have got to do something about the cost of civil government. I am not referring at all to the spending of the Defence Department. There might be some criticism of that, but I am not going to talk about it today. I do know that if administration some ten or twelve years ago cost so much money, there is something wrong if the cost has doubled or trebled today, with no corresponding increase in the population of the country. The people of Canada have to be advised about, this. But I shall not go into the details of this question now because it was covered fully a year ago.

The Speech from the Throne forecasts legislation dealing with NATO, of the dispatch of soldiers to Europe, the development of the St. Lawrence Seaway, the construction of a causeway to bridge the straits of Canso, certain developments in Western Canada, and old age pensions. I shall deal more fully with these in a moment, but first I want to say that nobody can object to these proposed undertakings as a whole. Nobody can object, for instance, to the St. Lawrence Seaway, if it will do what the engineers predict—cheapen the movement of goods between Ontario and Quebec and the western provinces and Europe. It is all to the good if it will lower the cost of transporting fuel from the Maritime Provinces to Fort William, and the carrying of iron ore from Quebec to the ovens of Ontario and the United States.

Hon. Mr. MacLennan: May I say just one word? The honourable leader opposite (Hon. Mr. Haig) has said that nobody could take objection to these projects. Well, I would take strenuous objection to the St. Lawrence Seaway. I think it would be detrimental to the Maritime Provinces, which are badly handicapped now. It would simply mean that they would be still further handicapped. Ontario and Quebec would benefit, of course, and it rather appears that many people think Ontario and Quebec constitute the Dominion of Canada.

Hon. Mr. Haig: I have very great respect for the opinion of the honourable senator from Margaree Forks (Hon. Mr. MacLennan), but I must respectfully submit that this development will take place in any event. Let us take the construction of a causeway to bridge the straits of Canso for rail and road traffic. I do not think the province of Manitoba is particularly interested in whether or not those straits are bridged; but I feel that in a country as large as ours one section cannot say, because a certain development will not help it, that it should not be carried out. As far back as I can remember in politics, there has always been somebody who said that he was going to build a causeway across the straits of Canso; and I would like to see it finished in my lifetime.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: These undertakings, the St. Lawrence Waterway, old age pensions, and so on, will cost somewhere around a billion and a quarter dollars, and I want honourable senators to remember that figure.

An Hon. Senator: The cost will be more than that.

Hon. Mr. Haig: Then, of course, there are the defence estimates, which I am not touching on; the cost of civil government, which I have already covered; and the cost of good roads, and so on. That brings me to the subject of my address, inflation. Communism

is one of the primary evils of the world, and the civilized world is spending its energy in getting ready to prevent a catastrophe resulting from the inroads of communism. At the same time, I am not sure at all that the communists will not win if we lose out on inflation.

Now, I am going to do something that I criticized another member for doing: I am going to read from some notes, because I want to make sure that I express my views clearly. The government's policy, largely, has been to meet and prevent the cost of living from going up. We have taxes on income, sales taxes, excess profits taxes, excise taxes and generally the greatest tax levy in the history of Canada, even including wartime. In addition to this the government have withdrawn their support of dominion bonds, with the result that the cost of interest has gone up. They have also instituted credit restrictions and "what have you", in the hope that as a result the cost of living would at least stand still. But the cost of living, instead of standing still, has continued to go up; and undoubtedly the sales tax and such taxes have of themselves helped to make it go up.

What enters into the cost of anything? In the first place, there is the cost of the primary article or articles used in the manufacture of the thing. Secondly, there is the labour used in all stages of manufacture. Thirdly, there is the interest or profit on the capital employed in the operation. By the cost of labour, as I use that expression here, I mean what is paid to every individual who has anything to do with the article manufactured, whether he works with his hands or his head. The cost of the finished product also includes the costs of transportation and all the other things used in converting the product from its raw state to its manufactured condition, in which it is used by the public. Some articles require more labour than others. For some, the original cost is greater than for others. On some the interest is greater than on others, because the capital involved in the operation is greater. But by and large the three elements that I have mentioned enter into every process of manufacturing or production that we go into. Now, the two classes—on one side, the person who owns the capital involved, and on the other side, the people who furnish the labour, by which again I mean labour in its widest sense—divide up the results. If you increase the profits beyond a certain point, the price of the article has to be increased; and there is a similar result if the costs are higher costs for any part of the labour, whether physical or mental, because the producer simply says, "All right, if my labour costs for the production of the article are ten cents higher, I will add that amount to my sale price." He has no difficulty in making sales so long as there is a demand for the article he produces, and as things are now it looks as if the demand for most consumer goods will exist for a long time to come.

I think the Minister of Finance said recently that the present strong demand arises because too much money is chasing too few articles, and the problem is to increase the supply of goods in proportion to the money available. Well, the government decided to impose more taxes and restrict credit facilities, so that the people would not have so much money to spend. But prices continued to go up, and it is not difficult to see why. After all, why should the owner of a factory oppose the demands of his workers for higher wages and salaries? He can add the increased labour costs to the price of his goods. The situation is not so bad for people who are able to increase their incomes to meet the higher cost of living. But under present conditions a large number of people are unable to charge more for their services than they are charging now, or to add to their income in any other way. I refer to people such as ministers, teachers, civil servants, middle-class people living on their savings, retired workers, old age pensioners, widows of war veterans, war veterans themselves, and so on.

As I say, some people are able in one way or another to increase their incomes to at least some degree as the cost of living rises. Let me illustrate. I am not aware of what the very brilliant lawyers in Toronto do, for I am not in their class, but I do know that the members of the Law Society in Winnipeg have raised their fees as one means of endeavouring to keep up with the higher cost of living. When I was a student a man could have his will drawn by a lawyer for $5. Later the charge was put up to $10, but now it is $25 for even a very simple will, and it will go still higher if the cost of living continues to rise. Now how can pensioners, for instance, meet a situation like that? And what about all those elderly people who are living on very small incomes—pensioners, superannuated people, and those who are depending upon the income from their own small savings?

The expenditures on our huge defence program are entering into the money stream. And if the government carries out, as I assume they will, the projects mentioned in the Speech from the Throne, there will be further large sums poured into that stream. For instance, there will be about $800 million for the St. Lawrence Waterways, about $23

million for the causeway at the Straits of Canso, and $300 million or more for pensions to people over seventy. All this additional money will increase the demand for goods.

The other day the Winnipeg *Free Press* said, quite properly, that somebody must tell the people of Canada we cannot go on doing that kind of thing and continue to live in the same old way as in the past. Some people may say that senators have not much cause to complain, that we are in a fine position, that we are paid $6,000 now instead of $4,000, as we were when I was appointed here sixteen years ago. But of course, we are not really paid as well now as we were then, for the dollar is worth only about half as much today as it was in 1935.

I do not believe that the government have properly faced the problem at all, or that the means which they have suggested for dealing with it will be effective. I am told that the cost of living has not increased as rapidly since the budget was brought down as it did before; but we all know that it has increased.

Recently, in trying to find out what kind of things the people are interested in, I did a little figuring which may be of interest to the house. I analysed the results of the four federal by-elections that were held early this summer. Two of these elections were in a western province, and the others were in widely separated provinces. Every one of the elections went against the government, and I tried, without having regard to political considerations at all, to find the underlying reason for this. I may have reached a wrong conclusion, and I may be criticized by some of my friends for expressing it; but I say to you quite candidly that I do not think the people intended to vote against the government as a government, but against their failure to deal with the problem of the high cost of living. To avoid a misstatement on this point, I should perhaps break the rule again and read from my manuscript.

I am going to refer now particularly to the by-election in Queens, Prince Edward Island, a constituency with which I am not very familiar. Angus MacLean, who was the successful candidate in the by-election, received a majority of 453 votes. He and his opponent both had been candidates in the preceding general election. As is usual, the same number of votes was not polled by each candidate in both elections. In the general election MacLean received 476 more votes than he got in the by-election; and Miller, the defeated candidate in the by-election, received 655 fewer votes than he got in the general election. It would appear to me that the question of the cost of living must have been the reason for the change. The facts and figures I have given apply to the same constituency and to the same two candidates.

I come now to the constituency of Waterloo South. There the successful candidate in the by-election was of the same party as was the member elected in the general election, but in the by-election he polled over 200 more votes than the candidate for his party had polled in the general election. I may say that as far as popularity was concerned the two men were about equal. I know that constituencies vary, and that local conditions influence by-elections, but this illustration applies to a constituency in which the candidate of the party that was successful on both occasions—the Progressive Conservative party —gained some 200 votes in the by-election. The C.C.F. candidate increased her vote in the by-election by some 200 votes, notwithstanding the fact that there were fewer total votes polled. It is notable that the government candidate dropped nearly 1,900 votes in the by-election. It is impossible for me to come to any other conclusion on these facts than that this was a demonstration of criticism of the government because of its failure to solve the problem of the high cost of living.

I come now to a constituency closer to home, that of Winnipeg South Centre, where an amusing phenomenon occurred in the results of the total votes cast. In the by-election the Progressive Conservative candidate polled 584 fewer votes than he did in the general election; the Liberal received 9,574 fewer votes than the Liberal candidate received in the general election, and the C.C.F. candidate polled 3,235 fewer votes than were polled by the candidate for that party in the general election. The net result was that the Progressive Conservative candidate was elected by majority of 736 votes. Knowing that seat very well, and having lived there for nearly thirty-eight years of my life, I would say that apart from some incidents that may have influenced the voting, the basic problem was the cost of living. Although there were fewer votes polled in the by-election, it is quite plain that the Liberal voters —leaving out personalities—stayed at home. While they would not vote against their candidate, they would not vote for him. I repeat that the problem that influenced the voting as much as 95 per cent was the cost of living, and the result indicates that the people were determined that not only the government, but the Parliament of Canada, should know of their attitude on the subject.

I come now to the constituency of Brandon, where in the general election the government candidate was a citizen of the town and the opposition candidate was an outsider. The candidate who represented Labour

in the by-election—I would not call him a Communist but he was quite close to the Communists—did not poll many votes. In the by-election the positions of the two main candidates were the reverse of what they had been in the general election: the Progressive Conservative candidate was a local man and the Liberal candidate was an outsider. Let us compare the results of the two elections. In the general election the Liberal candidate had a majority of 4,113, and in the by-election the Conservative candidate had a majority of 2,753. It should be noted that Brandon is about half rural and half urban, and that in the rural area the problem of the cost of living was not as vital as in the urban part of the riding. I am familiar with this area, having been brought up on a farm near there, and know what the real issue was.

I strongly believe, honourable senators, that the widespread problem of the high cost of living was brought into sharp focus by those four by-elections. While some may argue that there was a local issue in each of these constituencies which may have influenced the voting, the cost of living was the fundamental issue which the people faced, and that is the issue which now demands the attention of the Parliament of Canada.

Hon. Mr. Euler: What is the remedy?

Hon. Mr. Howard: That is the question.

Hon. Mr. Haig: I expected my friend to ask me that question, and I will give him my answer. The remedy is for the government of this country to boldly say that they will cut their ordinary expenditures by 50 per cent. Of course such a decision might be bad business for the government, should they face further by-elections. The people do not like to have certain services cut off.

Hon. Mr. Euler: Apparently it is bad now.

Hon. Mr. Haig: Yes; it is bad, but if the government hold a general election next June, as is now suggested, they will wonder what kind of cyclone hit them. I can tell them that it will be a cost-of-living cyclone.

Hon. Mr. Euler: Well, maybe you are right.

Hon. Mr. Haig: This is one problem as to which we as Senators should warn the people of Canada that their government cannot continue pyramiding services without increasing living costs. For instance, an increase of from eight to ten per cent in sales tax is bound to raise prices. My friend from Toronto (Hon. Mr. Hayden) argued that the tax did not apply to food. Well, there are lots of other things which enter into the problem of the cost of living. Take shoes, for instance. The other day I paid $15.00 for a pair of shoes which a few years ago cost only $7.50. The other day a smart young minister in my home city, whom I am quite sure is a dyed-in-the-wool Liberal, and never voted for me, asked me when I was going to Ottawa. When I replied that I was going the next day, he said: "Jack, do one thing—bring down the cost of living". He pointed out that he had a family of four children and bought a lot of milk. Then I asked him what about the meat problem, and he said: "What is meat? My children see it only in the butcher's window". As a further illustration of high prices, I might mention a lady who recently remarked to her husband: "Our grandchild is old enough to have a bed of his own. Let us buy him one for his next birthday." They agreed to do this, and when the husband asked, "What will it cost, about $15.00?" She said, "Oh no, it will be about $45.00." Teachers, clerks, pensioners, the people who neither belong to unions nor own businesses —all the little people—are powerless in the face of these conditions.

While I admit that the problem is a difficult one, and that other countries are afflicted by it to a greater or lesser extent, I never thought that in my lifetime the cost of living in Canada would exceed that in the United States. I recall that two years ago, when the cost-of-living index stood at 146 or 147, the Minister of Finance conceded that it might go up a little more, say two or three points. It now stands at around 189. Part of this increase is blamed upon the primary producers; but only about 25 per cent of it can be laid to them. The major advances have been in practically every category excepting rent. In the case of houses subject to controls the rental increases have not been outstanding but it must be remembered that houses built since 1947 are rented on the basis of their total cost; and the sort of house which costs $10,000 today, cost only $6,000 twelve years ago.

Hon. Mr. Wood: Four thousand.

Hon. Mr. Haig: Well, I wanted to be moderate. Obviously, therefore, the rental value of housing has doubled. Added to this is the fact that our municipal taxation has risen considerably. Yet only 39 per cent of the total increase in living costs is attributable to rent.

I hope that what I have said will induce other honourable senators to join the campaign to reduce the cost of living. Ours is a great country. We are engaged in a terrific struggle to preserve freedoms which we love as intensely as we love our native land. It can be said without immodesty that members of the Senate occupy a very high position in the public life of Canada, and that while we are subject now and again to a

little sniping from here and there, the people at large realize that we are devoted to our country and determined to do what we can in the national interest. That at any rate is my conviction after having been for sixteen years a member of this body. But the higher our position the greater our responsibility to tackle this problem of inflation energetically, with a determination to bring home to the government the seriousness of the situation. The minor measures that have been taken so far may do some good, but they are neither drastic nor thoroughgoing. The problem must be attacked with the same kind of determination that we showed in two world wars, especially now that we are confronted with the most insidious challenge to liberty that any people has ever known. So let us carry to every person in the country the message that the cost of living must be reduced; let us prevail upon the government to take action to bring it down, or there will be but one fate in store for this country—a "bust" at the end of the road.

Hon. Wishart McL. Robertson: Honourable senators, I need hardly say that I concur in what has been said by those who preceded me with regard to the recent illness of His Majesty, and that I join with all the members of this chamber, indeed, I believe with all people throughout the world, in the feeling of relief that his recovery seems to be so rapid, and in the hope that it will be permanent. It has been a great satisfaction to us to receive His Majesty's personal message in response to the expression of good wishes which you, Mr. Speaker, transmitted to him on our behalf earlier this session.

In a modest way I, like others who have spoken, participated in the ceremonies attending the visit to Canada of Their Royal Highnesses, and I am delighted that they are receiving everywhere so warm and enthusiastic a welcome.

May I compliment the honourable senator from De Lorimier (Hon. Mr. Vien) on his speech in moving the Address in reply to the Speech from the Throne? His long parliamentary experience and wide knowledge of business matters were reflected in a very able and comprehensive address. The honourable senator from Regina (Hon. Mr. Wood), who seconded the motion, dealt primarily, as did the leader of the opposition (Hon. Mr. Haig) with a matter of particular interest to both honourable senators, namely, crop conditions in the West. It is a subject that I am not in a position to discuss; but I am sure that all members are glad to have had him explain it in such a lucid and concise manner. It also gave me great pleasure to hear the speech of the leader of the opposition. I have little to say about it in the way of criticism, chiefly, perhaps, because there was little in it with which any thinking person could disagree. Regarding his references to the last four by-elections, I have made no such analysis as he did of the probable effects of those contests on the future of this government. To what extent the results were due to the causes he indicated I do not know. But the particular party which is represented on this side of the house has come to look upon the loss of by-elections before a general election as a good omen. We lost several important ones before the last general election.

In more serious vein, I agree with him that the general problems outlined in the Speech from the Throne bring in their train issues of much gravity. It has been pointed out, and I need not enlarge on the matter at any length, that the principle of old age pensions has been pretty generally accepted. I agree with what was said, as I recall, by the leader of the opposition himself, that the chief point of contention will be the financial provisions for making this legislation effective.

The report of the Royal Commission on Transportation and the legislation arising therefrom are matters to which, I am sure, the most earnest and careful consideration will be given. It is proposed that the bills which are being introduced in the other place shall be referred to committee for study. No doubt, procedure in committee will be much the same as that followed in connection with—for example—the legislation relative to bankruptcy: evidence will probably be received from those whom the various provisions may affect.

Later in the session I shall give notice of a resolution with respect to the participation of Canada in the NATO arrangements. This in itself is nothing new, but the simple truth is that it is a momentous question, charged with great problems which I am sure will continue to evidence themselves as time goes on.

Like my honourable friend opposite (Hon. Mr. Haig), I should like to say a few words about inflation. I agree with the honourable gentleman that this is one of the most important questions confronting Canada and the whole western world today, and that if we are unable to remedy the situation it may eventually result in a condition which would raise grave doubts as to the success of our way of life as compared with Communism. I do not find fault with my honourable friend for asking the government what it is going to do about inflation. I suppose this question

is taxing the best minds in this country and, indeed, on this continent, and will continue to do so. I have wondered whether the Senate, which has taken the lead in many things, could do something constructive about this problem. I do not know that it can, and I am far from attempting to indicate any course which the Senate might follow.

I want to draw upon the economic belief in which I was brought up. There were two fundamental beliefs in our household: one was belief in the *Shorter Catechism,* and the other was the belief that business competition is an excellent thing. This was the first political doctrine of which I was aware. It was argued that if there was insufficient internal competition it was wise to import whatever we needed to satisfy our requirements. This doctrine of competition is not a profound one, but I am convinced that it applies to the western world today. In order to solve the problem of the rising cost of living the western world has got to adopt something of the fundamental principles of free trade from which it has so long departed.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Robertson: I remember that one day when I asked our old friend the late Dan Riley to participate in a certain debate, he replied, "I may, but I have lost all interest in politics because there are no free traders left in the world".

My honourable friend opposite (Hon. Mr. Haig) has made a thorough study of inflation. But let us examine why we have a rising cost of living and what means may be found to bring it down. A tremendous purchasing power has been brought about by certain definite factors. One of these factors is our armament program, which has not yet reached its zenith. Another factor is extraordinary optimism on the part of business investors. There is practically no limit to what can take place in the development of natural resources in Canada, and there is a world-wide demand for these natural resources which we have in such vast abundance. This terrific demand will likely continue. The whole picture is further exaggerated when you superimpose upon it the various municipal, provincial and federal government expenditures that cannot possibly be curtailed. I think my honourable friend said something to the effect that the temporary expedient of restricting credits so as to curtail purchases can be avoided if we increase production sufficiently. No one can deny that fact; but this is not an easy thing to accomplish, nor can it be accomplished quickly.

Hon. Mr. Roebuck: Have we not been doing that?

Hon. Mr. Robertson: Yes, we have, and presumably the purpose of a great deal of our capital construction is to increase our facilities for greater production. But the only way by which we can increase production rapidly enough to keep down the cost of living is through competition, whether between manufacturers, or labour, or retailers, or wholesalers, or individual tradesmen or other classes. As I see it, there is no immediate prospect that our own production alone can be increased sufficiently to meet the tremendous demand for consumer goods, and if I am right in this we are likely to have, as for one reason or another we have nearly always had in this country, a steadily rising spiral.

The situation is further complicated because the ordinary laws of supply and demand which operated prior to the last war have been more or less set aside. For instance, the old idea was that high prices stimulated production, but that when production became large enough to meet demand, prices would start to drop. But for one reason or another we have developed a pretty rigid set-up which prevents that old law of supply and demand from operating. For instance, during the last war agricultural producers and others acquiesced in the placing of limitations upon prices for their products, and parliament passed legislation establishing floor prices for certain products. Well, what happens with respect to goods whose prices are subject to such controls is that production, however large it may become, can never cause the price to fall below the established floor. I am not suggesting at all that it is in the agricultural field alone that there has been interference with the law of supply and demand. We have a very well organized labour structure in this country. I do not say that in the future we could not possibly be faced with conditions which would cause the wage scale to decline, but I think there would have to be a very serious economic upheaval to bring about decline of any consequence. My point is that more or less throughout our whole economy the ordinary law of supply and demand does not function as it used to do.

As to production itself, it has to be remembered that certain factors are interfering directly with that. For example, for purposes of defence of the western world we are taking into the armed forces 150,000 young men, who for the time being will cease to be producers of capital or consumer goods. And then, of course, the large quantities of basic materials that we use for war purposes will reduce the quantity of materials available for production of civilian goods.

For this and other reasons I can see no prospect that the production of civilian goods in Canada alone will be sufficiently large in the immediate future to keep pace with the demand, and thus enable competition to bring about an adjustment in prices. So it seems to me that the extent to which we can hope for an adjustment is the extent to which we can return to freedom of trade among the countries of the western world. I was brought up, as no doubt were most of the members sitting around me, to believe that free trade would solve many of our economic problems. But in recent years the western countries have placed many obstacles in the way of international trade. The tariff, which used to be the chief of these, is now relatively insignificant. Here are twelve countries pledged to sink or swim together in their common defence, but to the utmost degree possible they restrict commercial transactions with one another. There is a curious agreement on that point among all the political parties in every one of these countries. It is quite amazing. In our own country, for instance, so far as I know, not a single party, including the one to which I belong, is at present a very enthusiastic supporter of low tariffs. The party represented by my friends opposite is not, nor is the CCF nor the Social Credit party. Neither is the Labour or the Conservative party in Britain, nor the Republican or Democratic party in the United States.

Let me cite just one instance to show how strong the opposition to free trade between the countries really is. The Geneva trade agreements provided for importation into the United States of a certain quota of cheese, but the Congress has prohibited this. Now, if there had been any great unemployment in the United States, or if for any other reason the importation of the cheese would have threatened the economy of that country with a serious problem, one could have understood this action by the Congress. But there was nothing of the kind. The action was just a result of that instinctive protectionism which is rampant in the western world today.

In the meantime the cost of living is mounting in all these countries. The increase has been curtailed to some extent in Britain by subsidies, but the controls are bursting at the seams. Rising costs have placed France in a very bad position. Some controls have been adopted in the United States, and although I do not say they are breaking down, I think there is constant evidence of great difficulty in maintaining them.

I suggest again that the sole cure for the rising cost of living is more competition. I know, of course, it is much easier to say that than to indicate how the cure can be put into operation. For here is a curious fact. Although we have provided large sums for arms and other assistance for Western European countries—last session, for instance, parliament authorized the spending of some $200 million for this purpose—and although hundreds of thousands of people over there are unemployed, we would strongly oppose any offer from those countries to produce goods for shipment here as payment on account of what has been received from us. And the United States, from which billions of dollars in aid have gone to Europe, would just as strongly oppose any similar offer. There may be exceptions as to certain specific goods, but the general view of all political parties in Canada and the United States is that we in our respective countries should, so far as is humanly possible, produce all the goods we need for our own consumption. Lack of competition is, in my humble opinion, the root of the trouble. Goods must come to us from two sources, namely, production at home and importation from abroad. If conditions in the countries of Western Europe do not permit the making of armaments there—to use the expression used in Germany—and we must continue to supply guns to them as well to ourselves, then the people of that part of the world should supply us with butter. I am using that illustration somewhat figuratively. If the demand for goods continues to exceed the supply, I see nothing that will prevent the continuing rise in prices. If, on the other hand, we are able to stimulate healthy competition, a solution may be found.

It was my privilege to discuss this question privately with some of the delegates to the recent NATO conference, of which I was not a member. I sat at dinner one day between the Ministers of Finance from France and from Luxemburg. I said to them that in my humble opinion the problem would not be solved for any country until it was able to adopt the simple doctrine that more competition results in better conditions for the consumer. How this solution is to be worked out is not easy to suggest, but it is the one that settled our economic problems of the past and, I think, offers a solution for the future.

Hon. Ray Petten: Honourable senators, first, I should like to add to the words of the two leaders in the Senate my own sincere congratulations on the ably-worded addresses of the mover and the seconder of the Address in reply to the Speech from the Throne.

Secondly, but perhaps more important at this particular time, I wish to add my voice to the chorus of welcome to Their Royal Highnesses, Princess Elizabeth and Prince

Philip, Duke and Duchess of Edinburgh. At this moment this charming royal couple—the beloved daughter and heiress of His Gracious Majesty, and her sailor husband—are proceeding across Canada, having winged their way to our shores across the broad Atlantic on the modern magic carpet, which seems so appropriate a means of transport for a princess of our time, and yet was chosen through untoward circumstances lending special significance and sentiment to this visit.

I am sure that all honourable members and all citizens of Canada have been deeply perturbed in these past weeks by the serious illness of our Sovereign, of whose gracious personality many of us have keen recollection through the royal visit of 1939. We are all aware of how nobly he bore himself through the trying years of war, how devoted was his attention to duty in that terrible time, and how greatly, on those occasions when he spoke to his peoples, he was able to inspire courage and hope through the expression of his own simple and unquenchable faith in God and the right. To the secular leadership that is an obligation of the Crown, George the Sixth has added also a spiritual leadership which has been a bright light in England's darkest hours and has forged a new bond of understanding and affection between the sovereign and his subjects. I feel, honourable senators, that I am speaking the minds of all members of this honourable house when I say that our sympathy for the King in his illness, and for his family in their time of anxiety, is born of deep ties of admiration and affection, and that it is our most earnest hope that the progress His Majesty has made towards recovery since his operation will continue, so that he may be fully restored to health, long to reign over his loyal and devoted subjects in all parts of this great Commonwealth.

The visit of Princess Elizabeth had necessarily to be postponed one week, so that she might be near her father during the most anxious period after his operation. We are glad to take it as an assurance that His Majesty is well on the road to complete recovery that Her Royal Highness has found it possible to fulfil her program in Canada, and that she and her consort are now undertaking the arduous cross-Canada tour planned for them with complete freedom from anxiety, so that Princess Elizabeth may enjoy to the full the many things we wish to show her with pride, and the evidence of our affection for the Royal Family which we are all anxious to display.

I speak on these matters with deeper feeling because I come from an island that you may know as the tenth province but that we, who live there and have imbibed from birth its great traditions, will continue, without prejudice to our new political associations, to think of as the Loyal and Ancient Colony, the Birthplace of the Commonwealth, the First Jewel in the Crown of Empire. The aircraft bringing the Princess to Canada was intended to fly non-stop, but I was pleased indeed to note that, as a gesture which my fellow Newfoundlanders also have much appreciated, there was a brief halt at Gander, so that the oldest colony and the newest province was the first part of Canada to welcome our royal visitors, as it will also be the province that will bid them farewell and Godspeed. May I add, honourable senators, that I am convinced that in Canada Her Royal Highness will find a people keenly appreciative of the part played by the Royal Family in creating a common bond between us and all other members of the Commonwealth? The King is our sovereign. The Princess is our princess. They have set us a noble example of service at its highest and most devoted level, of which we cannot fail to take note, and which I am sure it will be our earnest and anxious pleasure to recognize in the warmth and affectionate nature of the welcome which has greeted and will continue to greet this charming royal couple throughout the length and breadth of this great land.

Speaking as a Newfoundlander, I may say further that we who came from that birthplace of civilization on the shores of the new world are actively cultivating a great pride in this vast new nation of which we have so recently become a part. It may be said that Canada is like a great joint stock company, and I assure you that no people throughout the length and breadth of this land are more prepared to assume unlimited liability towards the Canadian way of life than are the people of the newest province. Never in the history of our country has there been a greater need for faith and loyal service than at the present moment. Never did this nation and the Commonwealth, of which it is so important a part, require so urgently the strenuous and united support of all its members. In the present terribly uncertain state of international affairs an active vigilance is more than ever necessary as the price of liberty.

But, while we on our part are fully prepared, even anxious, to do our share in this partnership of nations, we are at the same time aware that our new partners have responsibilities also to us; and while for the most part we have received a hearty welcome into the partnership of Confederation, nevertheless some of the great utility corporations of Canada seem slow to recognize us as being entitled to equal rights and privileges with

the other provinces. If any honourable senators have had occasion to telephone to Newfoundland, no doubt they were astonished to find that ours is still an overseas service, and that we are an outside country just as we were prior to confederation. It is more than possible that honourable senators are not aware of the wide spread existing between long distance telephone rates obtaining throughout the mainland of Canada and those applied to Newfoundland. It is true that we are separated from the mainland by a comparatively small body of water, about as wide, shall I say, as those separating Prince Edward Island and Vancouver Island from the mainland; yet nobody ever hears "overseas service" mentioned when he calls anyone on either of those islands. The story is to be found for all to read in the table of rates contained in every Bell Telephone directory. The minimum charge for a long distance call from Ottawa to Vancouver at night or on Sunday is $3.10, and the daytime minimum is $4.60. In comparison, the flat minimum toll from Ottawa to Newfoundland, which as the crow flies is much closer to Ottawa than the Pacific coast, is $7.50—the same as the charge payable for calls to Bermuda and the Bahamas. It costs more, for instance, for anyone in another Maritime Province—like New Brunswick, for instance—to telephone Newfoundland, or for us to call them, than it costs to telephone from New Brunswick to Victoria, a distance more than four times as great. And the same proportional rates apply when we communicate by telephone back and forth with Ottawa. These rates are exorbitant and ridiculous.

In a word, after more than two years of confederation, trans-Atlantic telephone tolls are still in force between Newfoundland and the mainland. Yet no other province is included in the overseas service of the telephone company. The service is operated by radio-telephone from Montreal and the reason for this excessive rate is, as you probably know, a monopoly enjoyed by Marconi under a concession granted by the Commission of Government in about 1936 or 1937 for thirty years. It seems to me that this concession is so obviously against the public interest that it ought to be cancelled or modified. I regret that a clause about telecommunication rates, like that on freight rates, was not included in the terms of union. I propose that steps be taken without delay to abolish a discrimination which is, to put it mildly, unfair, unjust and unnecessary.

The question of long distance telephone rates has always been a contentious one in Newfoundland, for there is probably no other part of Canada where telephone facilities are as important as they are in the tenth province. Newfoundland, because of its geographic location, is far removed from mainland centres of commerce and industry and, to keep the wheels of business turning smoothly in the island, it is necessary to maintain constant direct communication with mainland sources of supply. If this were not done, if long distance telephones were not used, Newfoundland's businessmen would be placed at a disadvantage, as they would find it impossible to keep abreast of changing market prices and conditions, and they would frequently find themselves loaded down with merchandise and provisions which they could not afford to sell competitively; or, if many merchants were affected in this fashion at the same time, the cost of living for all the people of Newfoundland would suffer.

Also, it is important to remember that many of Newfoundland's major industries are wholly dependent, for machinery replacement parts and other supplies, upon mainland manufacturers. When a plant breaks down in Newfoundland it is not merely a matter of sending to a supplier right on the doorstep for a replacement. In Newfoundland, such equipment must come thousands of miles and, in order to reduce the time involved, the placing of such orders by long distance telephone has become quite commonplace. But it has also become quite costly, and some of our smaller industries, operating on a very fine margin, just cannot afford the luxury of calls to mainland centres at today's rate. Consequently, production is reduced, as is employment.

There are dozens of other examples of the hardship and inconvenience which result from the present high telephone rates. But, perhaps most important of all is the fact that in Newfoundland the telephone can often mean the difference between life and death. Internal long distance telephone rates are so costly as to be prohibitive for most of those who live in the thousand or more scattered small settlements around the coast of the province. Today, the telephone network in Newfoundland has been extended to many communities, but the rates still place its service beyond the reach of most. This is an extremely important consideration. For instance, Newfoundland isolation means that there are far from enough doctors and nurses to go around. This means that when illness strikes in a remote community it is often the telephone which is the only means of summoning medical aid. Mercy flights to bring patients to hospital must also be summoned by telephone, and one such operation may often entail several calls, running into a sizeable sum of money. The doctor and the plane costs are usually borne by the government, but the people themselves must stand the

cost of the long distance calls, and usually it is considerable. In Newfoundland the telephone can help to save lives, and it frequently does, but much more could be done if the rates were brought into line.

Of course, too, there is one workaday but important job that the telephone could do in Newfoundland if prices were more reasonable. It could help to eliminate isolation. If our people, who live in these remote coves and villages, far removed from large centres of population could only communicate with one another easily and inexpensively, the entire pattern of their lives would be changed. They would not be so cut off from one another. They would have an opportunity to talk back and forth—to learn what is going on in other neighbourhoods, and it would be much easier for them to do business with one another. If the rates for long distance telephone were lowered to permit such a development, it is a certainty that the increased business would more than make up for the original loss of revenue.

Before I conclude these remarks today I must refer briefly to a matter that is causing the deepest possible apprehension, not in Newfoundland alone, but in all the Atlantic provinces: I mean the new railway freight rates legislation that is to come before us. Speaking as a Newfoundlander, I will confess frankly to you that the Newfoundland people had no idea, before their country became a province of Canada, of the life-and-death importance of freight rates in the economy of a province. Being somewhat to blame, perhaps—if one may call it blame—for the union of Newfoundland with Canada, I feel the responsibility rather heavily. It is true that some of us had occasionally heard echoes of freight-rate discussions and debates in the Maritime Provinces, but the echoes were rather weak by the time they reached us and we paid very little attention to them. Our first rude awakening came after we became a province, when we found that the railway freight rates defined in the Terms of Union were not in fact given us. It took a long and expensive effort by the Government of Newfoundland to give effect to the principle so clearly laid down in the Terms of Union. In the meanwhile the people of Newfoundland had lost some millions of dollars in freight charges.

We had no sooner recovered from that blow than this latest iniquity confronted us. This present proposal, if carried into law, will cost the people of Newfoundland millions of dollars a year. It will drive the cost of living to unreachable heights; it will cripple our existing manufacturing industries, and strike a death blow at our many new and projected industries. It will be resisted by the government and people of Newfoundland by all the means within their power—and when I say "all the means" I speak the simple truth. Only a coward accepts assassination without fighting, and the government and people of Newfoundland are not cowards. I believe I can today inform this house and the people of Canada as a whole that before the people of Newfoundland accept a proposal that would raise freight rates from 50 per cent to 100 per cent above present levels, they will fight with a ferocity and an unconventionality not often seen in this Canadian nation. My words are extreme, but so is the danger to my province and to the other provinces of the Atlantic.

Honourable senators, I move the adjournment of the debate.

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

COMMITTEE OF SELECTION

FIRST REPORT—CONCURRED IN

The Senate proceeded to consideration of the first report of the Committee of Selection.

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

The motion was agreed to.

SECOND REPORT CONCURRED IN

The Senate proceeded to consideration of the second report of the Committee of Selection.

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

Hon. Mr. Burchill: Honourable senators, I would ask that my name be withdrawn from the Standing Committe on External Relations, and that the name of the Honourable Senator from Dorchester (Hon. Mr. Emmerson) be substituted therefor.

While I am on my feet I should like to make a few impersonal remarks about the proposed legislation to deal with freight rates. As the honourable gentleman from Bonavista (Hon. Mr. Petten) has emphasized this afternoon, this is a most serious problem and, in my opinion, it chiefly concerns the fringes of Canada—the East and the West—and also the Prairie Provinces. This legislation is to be referred to the Committee on Transport and Communications, and if my arithmetic is correct eight of the seventeen senators on that committee come from Ontario and Quebec, two provinces that I did not think had any transportation problems at all. I just wanted to make that observation.

Hon. Mr. Hugessen: I must accept my honourable friend's proposal to withdraw his name from the Committee on External Relations and to substitute therefore the name of the honourable senator from Dorchester (Hon. Mr. Emmerson). I regret, however, that our honourable colleague from Northumberland does not see fit to serve on that committee.

As to the second point raised by the honourable gentleman, he will of course bear in mind that in addition to the seventeen members named to the Transport and Communications Committee, our new rule provides that the two Senate leaders are ipso facto members of all committees. Therefore the Committee on Transport and Communications has additional representation from Nova Scotia in the person of my leader (Hon. Mr. Robertson) and additional representation from Manitoba in the person of the leader opposite (Hon. Mr. Haig). In other words, there are two additional fringe representatives on this committee.

The Hon. the Speaker: Honourable senators, is it your pleasure that the name of the honourable senator from Northumberland (Hon. Mr. Burchill) be withdrawn from the Standing Committee on External Affairs, and that the name of the honourable senator from Dorchester (Hon. Mr. Emmerson) be substituted therefore?

Some Hon. Senators: Agreed!

Hon. Mr. Robertson: May I say that I am always perfectly willing to accommodate, as far as possible, any honourable senator who is desirous of changing from one committee to another.

Hon. Mr. Daigle: As one who comes from Quebec, I would gladly withdraw my name from the list of senators on the Transport and Communications Committee so that the honourable senator from Northumberland (Hon. Mr. Burchill) may serve on that committee.

Hon. Mr. Burchill: Oh, I do not want you to do that.

Hon. Mr. Robertson: If you would let that matter stand for the moment, it can be dealt with in the regular way.

The motion was agreed to, and the report, as amended, was concurred in.

STANDING COMMITTEES

MOTION OF APPOINTMENT

Hon. Mr. Robertson: Honourable senators, with leave, I desire to move:

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

The motion was agreed to.

JOINT COMMITTEE ON PRINTING

MESSAGE TO THE COMMONS

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

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

The motion was agreed to.

JOINT COMMITTEE ON RESTAURANT

MESSAGE TO THE COMMONS

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

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

The motion was agreed to.

JOINT COMMITTEE ON LIBRARY

MESSAGE TO THE COMMONS

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

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

The motion was agreed to.

BUSINESS OF THE SENATE

ORGANIZATION OF COMMITTEES

Hon. Mr. Robertson: Honourable senators, I move that the Senate do now adjourn during pleasure, in order to give the various

standing committees an opportunity to complete their organization and establish quorums. Ordinarily only a short time is required for this, so we shall probably need but a brief adjournment.

The motion was agreed to, and the Senate adjourned during pleasure.

The sitting of the Senate was resumed.

STANDING COMMITTEES

TRANSPORT AND COMMUNICATIONS

Hon. Mr. Hugessen presented and moved concurrence in the first report of the Standing Committee on Transport and Communications.

The motion was agreed to.

BANKING AND COMMERCE

Hon. Mr. Hugessen, for the chairman, Hon. Mr. Hayden, presented and moved concurrence in the first report of the Standing Committee on Banking and Commerce.

The motion was agreed to.

STANDING ORDERS

Hon. Mr. Beaubien, for the chairman, Hon. Mr. Duff, presented and moved concurrence in the first report of the Standing Committee on Standing Orders.

The motion was agreed to.

PUBLIC BUILDINGS AND GROUNDS

Hon. Mr. Beaubien, for the chairman, Hon. Mr. Fafard, presented and moved concurrence in the first report of the Standing Committee on Public Buildings and Grounds.

The motion was agreed to.

PRIVATE BILLS

Hon. Mr. Beaubien, for the chairman, Hon. Mr. Bouffard, presented and moved concurrence in the first report of the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

INTERNAL ECONOMY

Hon. Mr. Beaubien, for the chairman, Hon. Mr. Paterson, presented and moved concurrence in the first report of the Standing Committee on Internal Economy and Contingent Accounts.

The motion was agreed to.

FINANCE

Hon. Mr. Beaubien, for the chairman, Hon. Mr. Crerar, presented and moved concurrence in the first report of the Standing Committee on Finance.

The motion was agreed to.

TOURIST TRAFFIC

Hon. Mr. Beaubien, for the chairman, Hon. Mr. Buchanan, presented and moved concurrence in the first report of the Standing Committee on Tourist Traffic.

The motion was agreed to.

DEBATES AND REPORTING

Hon. Mr. Beaubien, for the chairman, Hon. Mr. Lacasse, presented and moved concurrence in the first report of the Standing Committee on Debates and Reporting.

The motion was agreed to.

NATURAL RESOURCES

Hon. Mr. Beaubien, for the chairman Hon. Mr. McDonald, presented and moved concurrence in the first report of the Standing Committee on Natural Resources.

The motion was agreed to.

IMMIGRATION AND LABOUR

Hon. Mr. Beaubien, for the chairman, Hon. Mrs. Wilson, presented and moved concurrence in the first report of the Standing Committee on Immigration and Labour.

The motion was agreed to.

TRADE RELATIONS

Hon. Mr. Beaubien, for the chairman, Hon. Mr. Euler, presented and moved concurrence in the first report of the Standing Committee on Canadian Trade Relations.

The motion was agreed to.

CIVIL SERVICE

Hon. Mr. Beaubien, for the chairman, Hon. Mr. Marcotte, presented and moved concurrence in the first report of the Standing Committee on Civil Service Administration.

The motion was agreed to.

EXTERNAL RELATIONS

Hon. Mr. Turgeon, for the chairman, Hon. Mr. Gouin, presented and moved concurrence in the first report of the Standing Committee on External Relations.

The motion was agreed to.

PUBLIC HEALTH AND WELFARE

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

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, October 19, 1951

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

Prayers and routine proceedings.

BANKING AND COMMERCE COMMITTEE

ADDITION TO PERSONNEL

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

That the name of the Honourable Senator Wood be added to the list of senators now serving on the Standing Committee on Banking and Commerce.

May I add that the Whip has intimated to me that some of the senators named to the three Standing Committees whose membership we reduced would like some changes. However, the matter does not require immediate attention, for those committees had preliminary meetings this morning and decided not to hold further sittings until after the forthcoming adjournment of the Senate. It may be that by the time the Senate resumes some other members of committees may wish changes to be made. In this event all the changes could be dealt with at once.

CANADA'S PARTICIPATION IN PEACE EFFORTS

MOTION

Hon. Mr. Robertson moved:

Resolved, that this House approves the continuation of Canada's participation in the efforts being made through the United Nations to establish international peace, and in particular to defeat aggression and restore peace in Korea, and by the North Atlantic Treaty Nations to deter aggression and promote stability and well-being in the North Atlantic area.

He said: Honourable senators, there is little I need add by way of explanation to the wording of this resolution, of which notice was given.

The subject is not new. Canada has been associated with the United Nations in the military operations in Korea, and I am sure her participation has met with general approval. This resolution is being introduced in both Houses of Parliament, and its adoption will remove all doubt as to the acquiescence of parliament in the matter of sending Canadian forces out of the country from time to time.

Hon. John T. Haig: Honourable senators, I have no criticism whatsoever of the motion. Indeed, I believe that the policy of making it clear that parliament authorizes military participation is most appropriate.

I do not consider this a proper time to discuss any phases of the war in Korea or the proposal to send Canadian troops to Europe. I expressed myself on the matter of defence yesterday, and I emphasize my position today. I do not propose to discuss expenditures for military purposes because, in the first place, I am not properly informed, and secondly, I would not want anything that I or my associates might say to suggest in the slightest degree that there should be any hesitancy on the part of the people of Canada about standing four-square against aggression, whether it be in Korea or elsewhere.

Some Hon. Senators: Hear, hear.

The motion was agreed to.

TRANSPORTATION

REPORT OF ROYAL COMMISSION REFERRED TO COMMITTEE

Hon. Mr. Robertson moved:

That the Standing Committee on Transport and Communications be authorized to examine and report upon the Report of the Royal Commission on Transportation, and especially upon the proposal to equalize freight rates and the effect of such proposal on specific areas of Canada.

That the said committee be empowered to send for persons, papers and records.

That the committee be authorized to sit during adjournments of the Senate.

He said: Honourable senators, this motion and the two that follow it require little or no explanation. The purpose of the motions is to refer the report of the Royal Commission on Transportation to the Standing Committee on Transport and Communications, and to refer the programs of the North Atlantic Treaty Organization to the Standing Committee on External Affairs and to refer the Public Accounts to the Finance Committee.

The motion was agreed to.

NORTH ATLANTIC TREATY ORGANIZATION

PROGRAMS REFERRED TO COMMITTEE

Hon. Mr. Robertson moved:

That the Standing Committee on External Relations be authorized to examine and report upon the problems involved in Canadian participation in the military and economic programs of the North Atlantic Treaty Organization.

That the said committee be empowered to send for persons, papers and records.

That the committee be authorized to sit during adjournments of the Senate.

The motion was agreed to.

PUBLIC ACCOUNTS, 1950-51

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved:

That the Standing Committee on Finance be authorized to examine into and report upon the

Public Accounts of Canada and the Report of the Auditor General for the fiscal year ended March 31, 1951.

That the said committee be empowered to send for persons, papers and records.

That the committee be authorized to sit during adjournments of the Senate.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of the session and the motion of Hon. Mr. Vien for an Address in reply thereto.

Hon. Mr. Petten (*Continuing*): Honourable senators, having thrown down all kinds of metaphorical gauntlets yesterday, I think I will be very quiet, dull and prosaic this afternoon.

As Canada moves forward into the second half of the 20th century with a new vigour and dignity to play her role among the free nations of the world in forging a pattern for enduring peace, it will become more apparent to some, whose vision may yet be obscured by prejudice or ignorance, that the act of Newfoundland in joining confederation augmented the jurisdiction of the parliament of this country over the northern half of the North American continent, excepting Alaska, and thus enhanced the national stature of the Dominion.

It has been said before, and bears repeating, that the justly-proud claim to Canadian domain represented in the inscription carved in stone over the entrance to the Peace Tower of these Houses of Parliament—"The wholesome sea is at her gates, Her gates both East and West"—became a reality only when Newfoundland joined confederation on April 1, 1949. Prior to that date Canada deferred to Newfoundland, in the right of the United Kingdom, on all international questions involving the waters of the northwestern Atlantic and the territorial waters of Newfoundland. Today the Government of Canada has the sole authority and responsibility for entering into international discussions and formulating policies in respect of the interests of Canada where other nations are concerned. With Newfoundland in confederation as the tenth province, the Parliament of Canada gained the exclusive right to approve treaty commitments or other international agreements in respect of the territory of Newfoundland, including Labrador, and the territorial waters and international waters adjacent thereto. The physical assets which accrue to Canada with confederation include that vast empire of natural resources, Labrador, with 110,000 square miles of territory, a part of the mainland of Canada contiguous to the province of Quebec and formerly the sovereign territory of Newfoundland; the 42,700 square miles of land which comprise the island of Newfoundland itself, with its 6,000 miles of coastline; the hundreds of thousands of square miles of continental shelf, detached and semi-detached from its shores, which embraces the greatest potential fishery of the world; the vast, almost immeasurable reaches of forest, sustaining the largest pulp and paper operations in the British Commonwealth, only the fringes of which have yet been exploited; the tens of thousands of square miles of rugged glacial terrain only now giving up, through discovery by scientific means, the secrets concealed down through the centuries of hitherto unbelieved mineral resources of iron, pyrite, gypsum, magnetite, asbestos, coal, copper, lead and zinc; the fabulous resources of water power, and many magnificent harbours.

Above and beyond any material benefits in natural resources or in the greater powers vested in the Parliament of Canada which accrue to the Dominion as a result of confederation, is the strength which arises from the 350,000 people who inhabit Newfoundland, becoming thereby citizens of Canada by choice. The most enduring asset of any nation is the rich character, industry and spiritual asset of its people. Here are a people of English, Irish and Scottish descent who not only retain the virtues of their ancestral traits, but have added to them the rich qualities of perseverance, tolerance, adventure and independence which the demands of the country have engraved upon their character. More than one hundred thousand persons in Newfoundland depend directly upon the fisheries for a livelihood; another one hundred thousand depend upon them indirectly for their living. Seventy-five per cent of the total economy of Newfoundland hinges primarily upon the harvests of the sea.

Ever since I gained the honour and distinction of having a seat in this chamber, it has been my privilege to listen to the debates of the honourable senators from various parts of Canada, covering many subjects, and thereby to assimilate and reach an understanding of the diversified and intricate problems relating to the economic and social welfare of the people of this Dominion. Honourable senators, then, will bear with me if I venture to express disappointment over the fact that, in the debates in this chamber and in the House of Commons on questions involving the primary industries of agriculture, fishing, mining and lumber, concern for

the fishing industry seems always to be overshadowed by the more concentrated attention to agriculture. One cannot think about the vast prairie provinces without first turning to grains such as wheat, oats and barley, and to cattle, hogs and poultry. But over all, the economy of the prairies is built on wheat. The way of life of the people is geared to wheat. The tempo of the cities, towns and hamlets, the pattern of commerce and trade are based upon wheat and weather, for the harvest and the yield and the quality of wheat determine success or failure, abundance or want.

What wheat is to the prairie provinces, so fish is to Newfoundland. By contrast, however, one witnesses in the pages of history the fact that less than one hundred years ago the whole energy of the Government of Canada was directed toward the development of the great western plains of this country. The resources of the nation were pledged and placed behind those great statesmen, industrialists and adventurers who forced ribbons of steel across this continent to the Pacific Ocean and named this enterprise of transportation the Canadian Pacific Railway. Millions of acres of Crown land were made available to promoters who built the townsites and settled the adjacent lands. The "bread basket of the world" grew where buffalo had roamed. Tens of thousands of people trekked into the West from the older settlements of Eastern Canada, from the United States of America, from the British Isles and from Europe. The virgin lands of western Canada were forced under the plough, and out of the growth of the west, through a concerted immigration policy, came the stimulus to industry of central Canada.

In the cavalcade of human events which followed is written a chapter in the history of the dominion from which the virile strength of this nation developed. The governments established essential services in keeping with the need. Experimental stations, agricultural schools and colleges were built and expanded. Large sums from the public treasury were spent on employing science to determine how two blades of grass and two heads of wheat could be made to grow where only one had grown before. New varieties of wheat, oats, barley, grasses and vetches were bred and propagated. Experimental stations employed science to determine how to cope with rust, and smut, and grasshoppers. Scientific research played a great part in the forcing development of more and more land under cultivation, with better crops. The horse-drawn walking plough, mower and binder, gave way to the tractor-drawn cultivators and combines of today. In large areas the soil was mined of its riches; and then the government was called upon to pay farmers not to grow grain. Drought, soil-shifting and wholesale erosion were threatening the future economy. Tens of thousands of square miles of cultivated land had to be returned to grass.

With the production of exportable surpluses of grain the prairie farmers had need of facilities to market their crops. One-hundred-mile treks of grain-laden, horse-drawn wagon trains carrying the harvest to railhead were the role of the pioneer and the demand of a pioneer era. This soon gave way to the demand for line elevators, central elevators and terminal elevators, far beyond the scope of venture capital. This need of facilities to serve the mushroom growth of the Canadian prairies in marketing wheat was beyond the capacity of private initiative. It was met through financial assistance by governments co-operating with private and co-operative enterprise. Finance was made possible, and today the vast terminal elevators at the seaports of Canada are maintained and operated under government sponsorship. Irrigation projects were undertaken to enable the carrying on of mixed farming operations. Federal assistance was given in the production and distribution of seed grains, alfalfa and crested wheat grass. Improvement in the breeding stock of swine, beef cattle, poultry and turkeys, was undertaken to bring about a balanced agriculture. The Prairie Farmers Rehabilitation Act was passed to enable the prairie farmers to cope with their problems. Grants for the improvement of cheese factories were undertaken, and to the end of March, 1951, more than $1,500,000 had been paid out for this purpose. Premiums paid for high-grade cheese aggregate more than $14,000,000. It is not my purpose to expand the many points which could be referred to as serving to support my contention that, by contrast with the consideration given to agriculture, the fishing industry of this country has not yet claimed the attention it merits.

During the 1949-50 fiscal year the federal government investment in grain elevators is represented (a) by those elevators operated by the National Harbours Board, at Prescott, Vancouver, Port Colborne, Churchill, Halifax, Saint John, Quebec, and Montreal, representing an investment of $42,292,114.92, which elevators in the 1949-50 fiscal year had an operating profit of $655,782.37; and (b) by those operated by the Board of Grain Commissioners, at Moose Jaw, Saskatoon, Calgary, Edmonton, Lethbridge, Prince Albert and Port Arthur, representing an investment of $10,380,405.47, which elevators were operated at a loss of $218,499.43 in 1949-50.

Newfoundland was already old in history when the development of the Canadian nation was still in embryo, and deep are the scars of the struggle for settlement against the resistance of non-resident overlords. By sheer courage and dogged determination the forebears of Newfoundland's present population battled their way for a place in the sun, defied oppression and made their way to establish homes and gain the freedom to wrest their way of life from the sea. Today more than one-third of the total landed weight of fish produced in Canada annually is taken from the waters off the shores of Newfoundland by more than twenty thousand Newfoundland fishermen.

The production of fish is to the economy of Newfoundland what the production of grain is to the prairie provinces. This is true also of some areas of the coast of Nova Scotia, New Brunswick, Quebec and Prince Edward Island where, as in Newfoundland, the economy is based upon fish, or nothing. In that day when the energies of Canada were concentrated on the vast agricultural development of the West, with its accrued benefits to industrial Ontario and Quebec, the claims made by the Maritime Provinces that thousands of citizens residing on the frontier coastline of Canada's Atlantic seaboard were being by-passed in the concentration of effort on the great Canadian West were ineffective. Had it not been for the accident of history, which precluded Newfoundland from joining Confederation 80 years ago, the concentrated fisheries economy of Newfoundland, added to the claims of the Maritimes and Quebec, would have presented a much more formidable case before the parliaments of this country for equal treatment of the development of fisheries with the development of agriculture, mining and forests in the West. Development of the fisheries at that time would unquestionably have progressed at such a pace that today the fishing fleets plying in the waters of the Northwestern Atlantic would have been predominantly of Canadian registry. Instead it is the reverse. More than two hundred deep-sea fishing craft of Portugal, Spain, Italy, France, the United States and other countries dominate the Grand Banks, which geographically and economically are more natural to the economy of North America than to the economy of countries who exploit these vast natural resources at high costs from across the Atlantic. The combined Canadian deep-sea fishing fleet comprises only about ninety vessels.

It is fortunate, indeed, that on the eve of the greatest need for assured supplies of fish to meet the diminishing supplies of animal protein from agricultural production on a world-wide scale, Canada has at the helm of the State a man whose statesmanship and candour engender confidence. From the beginning of his parliamentary career, the Right Honourable Louis St. Laurent, Prime Minister, has evidenced keen understanding and knowledge of and concern for the development of fisheries. During the discussions which preceded the Terms of Union under which Newfoundland came into confederation, it was a source of delight to the Newfoundland delegation that in the Prime Minister they found a man with a breadth of knowledge and understanding of the fisheries, and particularly a full grasp of the social side of the problem to be faced in Newfoundland. As well as in parts of Quebec and the Maritime Provinces, in gearing the fisheries economy to provide the opportunity for fishermen to earn a just wage and the industry to make a fair return on capital invested.

Flanking the Prime Minister in these negotiations leading up to the Terms of Union, the Minister of Fisheries, The Honourable R. W. Mayhew, played a leading part, and I would pause to pay tribute to the wisdom, judgment and fine business principles which have predominated that minister's dealings with fisheries problems in Newfoundland since it joined confederation. The problems entailed in integrating the fisheries administration in Newfoundland with Canada are not simple, nor does the future hold great hope that the deeply entrenched habits, customs, traditions, private prerogatives, and some bad habits, if you will, can be changed quickly to keep pace with the North American economy.

The entente cordiale which has been maintained between the Department of Fisheries and the Government of Newfoundland can in no small measure be attributed directly to the qualities of statesmanship of the Honourable R. W. Mayhew and Premier J. R. Smallwood. These two leaders co-operated closely in the establishing of the Fisheries Development Committee of Newfoundland under the chairmanship of Sir Albert Walsh, K.C., thereby providing a most encouraging example of very active federal-provincial relations. The committee has been charged with the task of recommending a program for fisheries development in Newfoundland, and also the share of responsibility to be borne by the two governments, by the industry and by fishermen in carrying it out.

It might well be that the creation of the Fisheries Development Committee of Newfoundland can be taken as evidence that the hiatus of 80 years during which Newfoundland has not participated in the economy of Canada is to be bridged, and that the full energies of the governments of Canada and

Newfoundland will shortly be dedicated to the proposition of speedily providing the assistance necessary to enable the Newfoundland fishermen to prosecute the sea fishery with the same vigour, vitality, vision and achievement as obtained when, a century ago, the energies of Canada were placed behind the vast agricultural development of Western Canada. Even as one of the western agricultural provinces might suffer from economic circumstances or the vagaries of nature, or other causes beyond their control, reflecting adversely upon the economy of their neighbouring province, so too in Newfoundland, or Nova Scotia, or New Brunswick, or Prince Edward Island, or Quebec, adverse conditions in the fisheries in any one province would reflect similar difficulties upon other provinces and, in fact, upon the whole of the Atlantic fisheries.

With the development of modern plants for processing fresh and frozen fish fillets, with speedy refrigerated transportation and handling facilities enabling consumer packages of these commodities to be offered for sale in markets from the metropolitan centres down to the smallest hamlets throughout the United States and Canada, with the advent of modern devices for navigation and the detecting of fish populations, the discovery of new fishing grounds and new species of fish, the development of modern fishing vessels, gear and equipment, and modern techniques for processing for both food and non-food uses, the yet undeveloped fishery resources of the Northwest Atlantic offer Canada the greatest potential source of protein food since the Red River wagons blazed the trails which led to the opening up of the vast agricultural lands of Western Canada.

Settled in more than 1,300 communities along 6,000 miles of coastline, in Newfoundland and parts of Labrador 20,000 fishermen, representing a population of over 100,000 souls, prosecute the inshore fisheries by methods which are today little changed from those which prevailed when John Cabot discovered Newfoundland 400 years ago. These people represent the fifth, sixth, seventh and eighth generations born in Newfoundland. Their homes are their castles. They are hardy resolute and independent. They represent the families from whence came the captains of the schooners and barquentines that plied the trade lanes of the world before Canada's trade was born, the men who rounded Cape Horn to play a leading part in the development of the fisheries on the Pacific coast. These are the families whence came the thousands of men who today hold positions of prominence in law, in education, in medicine, in science, in art, and who settled in the metropolitan centres and in the small towns and villages of the United States and Canada. These are the people who decided that their native Newfoundland should join confederation, assuming thereby the responsibility of making their contribution to the affairs of Canada, and expecting in return that the Government of Canada would do justice by them. These are the tens of thousands of families who today face sharply up to the proposition of changing their methods of fishing to meet the modern demand for low-cost volume production in a world geared to mass production techniques. These are the people who live in widely scattered and decentralized communities, incapable themselves of bringing about the change which would enable them to maintain a standard of living equal to that prevailing in Canada generally, and to contribute to their community, to their church and to the state, and uphold the dignity of the individual person. They are not responsible for the dislocation of world trade which precludes the sale of their product on an historical basis, nor is it within their power, without guidance, leadership, direction, scientific research and engineering, and financial assistance, to bring about the continued production of a large proportion of the world's demand for salt fish which is essential to the welfare of consumers abroad.

Perhaps it is not too great a stretch of the imagination to believe that in 1952, in the program to be recommended by the Newfoundland Fisheries Development Committee, a formula will be prescribed through which the Government of Canada and the Government of Newfoundland, co-operating with the industry and the fishermen, can bring about an integrated development, sustained where necessary by the financial resources of the governments and of risk capital, to the end that this bountiful resource and necessary source of human food will be maintained and developed on a basis in keeping with modern standards. It may require financial assistance to enable the development of new and improved types of boats, gear and equipment, to provide centralized handling and processing facilities in order to bring about concentration of effort in producing salt codfish of the highest quality at minimum cost. It may require building programs and the encouragement of ancillary industries on much the same lines, and on no less a scale than the development undertaken in the Tennessee Valley and in the Mississippi rehabilitation projects of the United States, or other similarly great efforts which stand today as a monument to the genuine unselfish effort of men dedicated to the proposition that if a free world is to obtain, and democracy survive, an equality of opportunity must be

established whereby men will have the incentive to work so that their families may prosper.

Under the Terms of Union of Newfoundland in confederation, a five-year period was provided to enable the integration of relationships between the Government of Canada and the Government of Newfoundland, and to bring about a blending of the economy of Newfoundland into the pattern prevailing in Canada. More than half of this five-year period has elapsed. The benefits that have accrued to the people of Newfoundland through the social legislation of family allowances, old age pensions and unemployment insurance have had a great influence upon the way of life in that province. The older people feel now that they do not need to fear age, and as of the 1st of January next, when the means test will be abolished, this feeling will be even more widespread. Labourers no longer fear unemployment brought about through no fault of their own, and they jealously guard against any abuse of this social service. Mothers of large families no longer have the fear of want, for the family allowance assures minimum sustenance, if need be, in time of stress. In facing up to the problem of determining the future welfare of the people engaged in the codfish industry of Newfoundland, it may be that, viewed in its true perspective, the task of integrating the Newfoundland fisheries into the economy of Canada will require the kind of treatment that was accorded during the development of Canada's great agricultural West and down through the decades when fabulous sums of money were spent by the Government of Canada and deemed to be in the interests of the nation.

During the past two years the Government of Newfoundland has given financial assistance in supporting loans and guaranteeing bond issues to the extent of approximately $3 million in aid of the fisheries, for the purchase of modern fishing vessels and the development of modern processing and refrigeration plants. Private enterprise has spent in the same time upwards of $3 million, and plans yet in blueprint envision millions more of risk capital seeking the opportunity of participating in the development of Newfoundland's fresh and fresh-frozen industry.

Neither the Government of Newfoundland, nor private or co-operative enterprise is standing still, as beggars, waiting for alms. They move forward, and the best brains of the country are concentrating now on devising the means of placing the fishing industry of Newfoundland in a position to capitalize on the opportunities afforded through the support and assistance that is envisioned from the Government of Canada. In Newfoundland it is not as if the fisheries were, as in the case of other provinces, third, fourth, fifth, sixth or lower down the scale of importance to the general economy. The fisheries potential of Newfoundland is the potential of the eastern seaboard fisheries of Canada. Very little is yet known of the resources of the shore fisheries of Newfoundland. Biological research is again under way, but much greater effort in this direction is warranted. Within the last two years Canada has joined with other nations in a treaty under which the Northwest Atlantic Fisheries Commission has been established, the purpose of which, in the beginning, is to bring about biological research and other studies leading to the full utilization of the vast fisheries resources of the international waters adjacent to the shores of Newfoundland. It is our fervent hope that the headquarters of this Commission will be located in St. John's.

Within the last two years the Government of Canada has assumed an important role in the administration of the production and conservation of fisheries in Newfoundland, which is the responsibility of the federal government. It will take time to bring about the integration enabling the statutes of Canada to be promulgated in respect to the fisheries, and concurrently the Government of Newfoundland will be considering the nature of provincial legislation and enabling laws necessary to administrative co-ordination.

Through the Fisheries Research Board of Canada, a fine example of experimental fishing has been conducted for the past two years with substantial proof that long line fishing can be utilized to give more mobility and greater opportunity to fishermen located in areas where this method of fishing can be successfully conducted. Concurrently the Government of Newfoundland is spending large sums of money in doing its share of experimental fishing and exploration of fish populations.

When one reflects upon the problems which face the Honourable R. W. Mayhew, Minister of Fisheries, in coping with situations that exist in fisheries from the Pacific to the Atlantic, one realizes the magnitude of his task. His guiding hand and the advice of his technical experts played a large part in protecting the Pacific Coast Fisheries of Canada within the terms of the Peace Treaty recently concluded with Japan. The activities of the department, through representation in the Councils of FAO of the United Nations, in the International Whaling Commission, in the Pelagic Sealing Treaty, in the problems which arise in that widely scattered and largest

inland fisheries of the world, which stretches from the Great Lakes through Ontario and the three Prairie Provinces to the North West Territories, and in the administration of the Fisheries Prices Support Board, are but some of those which can be mentioned. All of these matters and many more, are dealt with by the Minister of Fisheries, and he takes them in his stride as a seasoned statesman. We in Newfoundland are aware that not the least of the problems the minister has had to face in recent times is one related to the use of water power in British Columbia and other parts of the dominion, including Newfoundland, where hydro development could well threaten the propagation of salmon species which spawn at the headwaters of the rivers that are their habitat in the early period of their life cycle.

I am sure that my words echo the sentiments of all of the people of Newfoundland in saying that we have confidence that the magnitude and importance of the fisheries of Newfoundland are fully recognized among the administrative heads of the Government of Canada. Because of its significance, I venture to hope that the Honourable Senators and members in the other place will rise to every occasion which may be presented to them to recognize that the bond in confederation can only be as strong as the confidence of the people.

Hon. F. W. Gershaw: Honourable senators, I venture to take part in this debate for one reason and one reason only, and that is to urge the government to increase during the present session the basic war pensions. It seems to me that those whose health has been broken by the stress and the strain of war service, those who are disabled by wounds received in battle, and perhaps particularly, the dependents of those who have made the supreme sacrifice, should be paid more at this present time, when the cost of everything they have to buy is so greatly increased. I realize that nothing can repay these people for what they have contributed. I recognize also that others on fixed pensions are having a hard time. But I have always felt that the ex-service men and women were the last who should be asked to undergo another sacrifice.

I have just learned that in the other place the Minister of Veterans' Affairs has made the following announcement:

> The government has given further consideration to increasing the basic rate of pensions for pensioners under the Pension Act. I now wish to inform the house that it is the intention of the government to introduce at this session legislation dealing with the matter.

I am sure that returned men all over Canada will welcome that announcement.

I have already congratulated the seconder of the Address on his speech. I am sure we all appreciate, too, the contribution made by the mover. It required outstanding ability to construct a speech such as he delivered.

I also want to join with those who have expressed their loyalty and devotion to the members of the Royal Family; and, with others, to voice the hope that our King will soon regain his normal health.

The production of oil in Alberta has given rise to almost world-wide attention. The Conservation Committee in that province will allow only so much oil to be produced, but existing wells can produce and have produced as much as 170,000 barrels of crude oil a day. In fact, one field, alone, the Redwater field, has produced 90,000 barrels a day. What that means in this era of airplanes and automobiles may readily be understood. There is no doubt that the present great demand for oil fuel will be continued and increased.

The provincial government is fortunate, because it owns 93 per cent of the oil rights in the whole province. Any company can go to the provincial government and lease the rights on almost any number of acres by paying in advance one dollar an acre and signing an agreement to start exploration immediately. If the company strikes oil, it is given three months in which to draw out a diagram of its lease in alternate blocks in checkerboard fashion. The company goes ahead with production and pays land rent to the farm owner for disturbing his farm. The company also has to pay the government a royalty of about 14 per cent on all oil it produces. The company retains half of the blocks in its lease; the alternate blocks revert to the government, which auctions them off to the highest bidder. If any company is cautious and does not wish to explore an unproven field, it can buy the rights to one of these blocks. Companies sometimes pay a million dollars for one of these blocks, and drill in what is practically a proven field. Precautions have been taken to see that fly-by-night operators do not put down a well and siphon off the oil from somebody else's well. The government endeavours to give protection by normally permitting only one oil well on each forty acres. This system has been found to work in Texas, and it appears to be working successfully in Alberta.

While drilling for oil, sometimes going down a mile into the ground, these companies have struck great pockets or pools of natural gas. It is estimated that this reserve of natural gas amounts to 4½ trillion cubic feet. Many pipeline companies have applied to parliament for incorporation, but the province of Alberta has not yet decided to allow

the wholesale exportation of gas, although it does permit some to be exported to the United States for war purposes. Naturally the people in the province want to encourage industries to come in, and, indeed, some large industries have been attracted by the low rates for gas.

Honourable senators, there is one other subject about which I wish to speak. The Province of Alberta lies close to the foothills and the ranges of the Rockies, and the rivers which flow eastward over that province have their origin in the eastern watershed of the Rocky Mountains. It has been found, of course, that the highest peaks catch the most moisture, but it has also been found that in places where the slopes and valleys are well forested, and where there is vegetation, the accumulation of rainfall is 25 per cent greater than on treeless terrain. I would point out that moisture is of such great value that the provincial and federal governments, acting together, have taken vigorous steps to protect the vegetation and the forests on the eastern slope of the Rockies, so that there will be a more abundant supply of water for irrigation purposes.

In order to store the water which flows down the eastern slopes, the Dominion Government has constructed a very large reservoir at St. Mary's Dam. This reservoir is from five to six miles wide and sixteen to seventeen miles in length, and holds a tremendous body of water. The official opening of the St. Mary's Dam was a colourful event, and marked a great step forward in the history of irrigation. A platform was erected and thousands of people from the neighbouring countryside gathered to witness the opening ceremony. The Indians from the nearby Blood Reservation, who came on their ponies dressed in all their gaudy colours, added a great deal to the scene. The Minister of Agriculture, the Right Honourable Mr. Gardiner, was inducted into the Blood Indian Tribe under the name of Thunder Chief. He also was honoured by being allowed to dance with Mrs. Shot-in-Both-Sides, who happens to be the wife of the Chief of the Tribe. I may say that our popular colleague from Lethbridge carried out his part of the program with great dignity. There was also another group who came from the neighbouring desert of Medicine Hat. They were dressed in the costume of those ancient people, the Arabs, and added much to the novelty, dignity and impressiveness of the whole ceremony. They did all the necessary bowing and praying, and their prayer being that irrigation be brought as rapidly as possible to the desert from whence they had come. The Royal Canadian Mounted Police, dressed in their gold and scarlet, were there too, and they brought a band with them from Regina which provided music for the day. The whole event was one that will be remembered for a long time by those who were fortunate enough to be present.

This irrigation project will change the whole situation in the southern part of the province. It will provide water for about a half million acres of land. The federal government installed the reservoirs and connecting canals, and put up about half the cost, which will not be recoverable directly. The province put up the other half and will distribute the water to the farms. The provincial government will, of course, recover quite a lot of money from the settlers. There is no question that productivity will be increased. The land at present is range land, and it takes about thirty or forty acres to feed one animal. A family can now eke out a bare existence on 640 acres, but when part of the land is irrigated, eighty acres will provide a good living for a family of five. More than that it will provide the people with a community life, which in those sparsely settled districts is but a dream at the present time. These irrigation structures are of a permanent nature. They will be a great blessing not only to the people of the present age but to the people of the future. Some 4,000 years ago a canal was built in Egypt, and that canal is still supplying water to the thirsty soil, and the people in the Land of the Pyramids have many times been saved from destruction and famine by the water from this canal. Irrigation in Canada will pay its dividends too, because it will enable the people to produce much more food; and wherever food can be obtained in abundance, there people will settle in great numbers.

Some of those who settle on these irrigated lands are in need of long-term loans. The banks do not provide such loans, and it seems that the Farm Loan Board is afraid both of dry land and irrigated land in that district. I am told that not a single loan has been made within 100 miles of where I live. I do wish that some representative of the Farm Loan Board would go to that area, for if he did he would find that 90 per cent of the farmers working irrigated land under present conditions can meet their obligations when they become due.

In closing, I should like to pay tribute to those enterprising men and women who risk their capital to drill deeply for oil. It is fortunate that they have received such good results; they have brought to the surface a very valuable asset.

I also wish to pay tribute to the Right Honourable Mr. Gardiner for what he has done to help further the irrigation works in the West. He has gone out to that part of the country many times to inspect the situation for himself; he has given freely of his time; and he has induced the government to advance the capital cost of these works, which will bring happiness and contentment to large numbers of our people.

Hon. Mr. Reid: Honourable senators, I move adjournment of the debate.

The motion of Hon. Mr. Reid was agreed to, and the debate was adjourned.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, I move that when the Senate adjourns today it stand adjourned until Tuesday, the 6th day of November, at 8 o'clock in the evening.

I may say that while I am not in a position to know how much actual legislation is likely to be before us when we resume, I hope that honourable senators will make every effort to be present then in order that the work of our various standing committees may be expedited as much as possible.

The motion was agreed to.

The Senate adjourned until Tuesday, November 6, at 8 p.m.

THE SENATE

Tuesday, November 6, 1951

The Senate met at 8 p.m., the Acting Speaker (Hon. A. L. Beaubien) in the Chair.

Prayers and routine proceedings.

WHALING CONVENTION BILL

FIRST READING

Hon. Mr. Hugessen presented Bill B, an Act to implement the International Convention for the Regulation of Whaling.

The bill was read the first time.

The Hon. the Acting Speaker: When shall the bill be read the second time?

Hon. Mr. Hugessen: Tuesday next.

GOVERNMENT ANNUITIES

INQUIRY

Hon. Mr. Reid inquired of the government:

1. What has been the total number of applications for government annuities in each province during the months of July, August and September of 1951?
2. What was the number of all such applications in each of the months commencing in June, 1950, and up to and including the month of June, 1951?

Hon. Mr. Hugessen: The answer to the first question is as follows:

Province	Applications
Prince Edward Island	11
Nova Scotia	11
New Brunswick	20
Quebec	127
Ontario	529
Manitoba	34
Saskatchewan	50
Alberta	26
British Columbia	73
Yukon and N.W.T.	1
Newfoundland	1
Total	883

The answer to the second question is as follows:

Month	Applications
June, 1950	516
July, 1950	398
August, 1950	354
September, 1950	362
October, 1950	506
November, 1950	394
December, 1950	410
January, 1951,	596
February, 1951	410
March, 1951	463
April, 1951	452
May, 1951	360
June, 1951	383
Total	5,604

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Friday, October 19, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Vien for an Address in reply thereto.

Hon. Thomas Reid: Honourable senators, in rising to take part in this debate, I wish at the outset to join with those who have expressed their thankfulness at the recovery of His Majesty the King. I am sure that I voice the feeling of all honourable senators when I say that we are indeed pleased to observe the rapid recovery which His Majesty has made from his serious illness and operation.

I also want to say a word or two about the Royal tour of Canada by Their Royal Highnesses, Princess Elizabeth and Prince Philip, which had just commenced when this house adjourned some two weeks ago. I think the nicest compliment which has been paid the royal couple so far was by the writer of an editorial which appeared in a Washington paper. When the Duke and Duchess of Edinburgh visited that city, he said that they were the two finest ambassadors who had ever left the shores of Britain for the North American continent. I think we can echo the sentiments expressed in that editorial. I have a great deal of sympathy for the royal couple, for they certainly have had a gruelling task in meeting thousands and thousands of people and travelling from one city to another from Quebec clear across Canada and back to the Maritime provinces. If there is one criticism that I would voice it is that perhaps the taking of pictures can be overdone. I think it was Her Royal Highness the Princess who on one occasion complained about the large number of photographers. One paper, I understand, had sixty photographers out at work on one phase of the royal tour. I just wonder what protection there is of the rights of individuals, who, without being asked whether they approve or not, are subjected to frequent explosions of flash-light bulbs. I do not know how other senators feel, but whenever a flash-light bulb goes off near me I still have to wink my eyes. In British Columbia we witnessed a peculiar incident. There were so many photographers present at a certain affair that the police began to push them back; and afterwards, by way of protest, the photographers staged a sit-down strike. To my mind it was plainly ridiculous and childish for photographers to feel peeved because of an attempt to prevent them interfering unduly with the royal couple's activities.

Having mentioned His Majesty the King and the royal tour, I should perhaps say something about the recent general election in Great Britain. I think that those of us who know anything at all about events over there will not only congratulate the new Prime Minister, the Right Honourable Winston Churchill, but will also extend to him our sympathy in the great task that confronts him and his government in endeavouring to rectify the results of the six years of what I would call experimental rule. During those six years many British people were living in a false heaven, so to speak. They were certainly living mostly on borrowed money, and I doubt whether they could have carried on but for the help received from the United States and this country. Although approximately $3 billion a year was paid out in Britain for subsidies, the cost of living could not be kept from rising. I think that should be a lesson to those people who contend that our government should take steps to reduce the cost of living by controlling prices. If I remember correctly, it was a member of the Social Credit Party in my own city who said that the new government in Great Britain would not bring about any change. To my way of thinking he was entirely wrong. For one thing, we are going to hear now the voice of Britain in the councils of the nations; and I believe no one will contradict my statement that Britain's voice has not been raised there very loudly in recent years. There are times when it is necessary for a country's representatives to use strong words, and I have no doubt that Mr. Churchill will use them when necessary.

One of the speakers in this debate dealt with conditions on the Prairie provinces and spoke about wheat. He mentioned the weather on the Prairies and its effect on the growing of wheat. Of course we have a great deal of sympathy for the farmers, who depend on favourable weather for the growth of the crop which gives them their livelihood.

In passing, I may say a word about the weather in British Columbia during this past summer. There was a period of one hundred days of sunshine without rain. It was the driest summer I have seen since I went to that province in 1909. The government sent some scientists by plane from the city of Ottawa with a view to bringing rain. Well, I thought the people of Alberta had learned a lesson about rainmakers, when they hired a man by the name of Hatfield, and paid him, I think, $3,000.

Hon. Mr. Horner: More than that.

Hon. Mr. Reid: I should like to warn the government against taking such action. Previous to the arrival in British Columbia of the so-called rain-makers, a man from the south of us came and offered to bring rain for a certain sum of money. Immediately this was announced the cherry growers notified him that if he was successful they would sue him, because rain would spoil their crop. It is indeed dangerous for the government to attempt to interfere with the weather. God knows, the government has enough trouble these days, and it gets blamed for most things, quite apart from the weather.

When one person wants rain, another may want dry weather. An incident occurred in the United States last year involving two states, one of which sent up some airplanes to drop dry ice to make rain. While I do not think this action had any effect on the weather, rain did fall, and the other state launched a lawsuit against the rain-making state, complaining that the rain fell on the wrong area and not where Nature intended. From time immemorial attempts have been made to solve the lack of rain problem. As good a solution as I have heard of is one that was offered by a man living in the city of Calgary. He wrote and said that if the provincial government in my province would pay the fares to Vancouver of a club consisting of eight persons, of which he was one, they would guarantee to bring rain. He pointed out that this club had observed that every time they decided to go on a holiday it always rained, and he was quite sure that if they arranged a holiday in Vancouver rain was sure to fall. That rather amusing formula compares favourably in so far as results are concerened with that of the so-called rain-makers. But I specifically wish to warn the government that it should not participate in such activities, for the good reason that there are some people who do not want rain, and it would lead to trouble.

I wish now to return to the subject of wheat. My information is that in spite of the unfavourable weather conditions on the prairies, many elevators are bulging with wheat. Just before leaving British Columbia to attend the present session I bought some wheat—I keep a few chickens— and I paid $3.95 for one hundred pounds of grain that in former years would have been discarded. I am perplexed to know why the people of my province should have to pay such a price for small, shrunken and generally poor-quality grain. It is time that some investigation was made to clear up this question. Of course there are those who will say that the cost of hauling affects the retail price. Let me point out that as far as freight rates are concerned, the Dominion

Government is at the moment paying all the transportation costs on feed wheat, so that does not enter into the matter.

Hon. Mr. Horner: The miller gets milling wheat for less than that. Why did you not buy from him?

Hon. Mr. Reid: I would have been prevented from doing so, and I will tell you why when we get into a discussion of the bill related to freight rates, which is to come before us. We are in a peculiar position in British Columbia. Wheat can be bought outside this country cheaper than it can be bought in that province, but we cannot get it at the export rate. At one time I appeared before the Board of Transport Commissioners and proved that at one time in the thirties we could buy Alberta wheat in China, and transport it back to British Columbia cheaper than we could bring it directly to that province. That information is on the records of the commission, and can be seen today. It is all very well to ask a high price for milling wheat. God knows, the farmers should get all that is coming to him; but why we in British Columbia should have to pay an exorbitant price for poor wheat is more than I can understand. Certainly, if we get the grain at a fair price our province will offer a ready and a growing market for those wheat-producing areas which today have storage problems.

The senator from Bonavista (Hon. Mr. Petten) had something to say about the danger to fisheries from hydro-electric power dams. Prior to his remarks I had thought that the only place where this danger existed was British Columbia. In our province there is a huge cartel, or combine, known as the Aluminum Company of Canada, sometimes called Alcan. It has been given by the provincial government a vast heritage in the finest water-power site in the entire world. I make that statement without fear of successful contradiction. I am told that when the dam is filled it will contain so much water that there will be plenty for power development during the entire twelve months of the year. Engineers have informed me that although application was made for a million and a half horse-power, the dam, when filled will easily develop two million horse-power. I do not propose to enter into a discussion of the agreement between the provinces—that is a subject for another time—but I wish to support the position taken by the senator from Bonavista (Hon. Mr. Petten).

The International Pacific Salmon Fisheries Commission, through the government has for some months been negotiating for a certain quantity of water to maintain a species of salmon called sockeye, which this year brought $1,500,000 to the fishermen of the Fraser River and the United States. It has been pointed out to the Aluminum Company, and to the government, that unless the water is maintained at a certain level the streams through which the salmon go to spawn will be so low that the adult fish will not be able to get up to their spawning grounds.

I warn honourable senators of the dangers of these great cartels. They have no thought whatsoever of fish. As a matter of fact the vice-president of this particular company remarked in the course of a conversation that for the past thirty years he had been fighting fishing interests. "Our main concern", he said, "is to produce power for aluminum; we are not concerned with a few fish or a few fishermen." One sees the consequences of that attitude across the line, where the damming of the Columbia to provide hydro-electric power has destroyed sockeye salmon fishing in that river. We hope that the Aluminum Company will pay more attention to the representations which have been made to them. We believe that there is a place for power development and for fish as well. All that is necessary is that power interests shall be reasonable, not ruthless and greedy, as they have been whenever and wherever they wanted to obtain hydro-electric power.

I wish now to speak for a few minutes on the Japanese peace treaty and the mission which has just gone to Japan. The honourable the Minister of Fisheries and the other Canadian delegates are splendid men, but I am rather perturbed that the United States mission numbers ten, against our five. I have every confidence in the Minister of Fisheries; I recognize his wisdom and ability; but the influence and power of the American mission are not to be underrated. May I point out to honourable senators, all of whom may not have had an opportunity of studying the terms of the treaty, that it should have contained a provision to prevent the Japanese from operating off the Pacific Coast shores and depleting our fisheries; but American interests, and notably Mr. Dulles, brushed aside these considerations. I have had some experience with Americans on commissions, and, though I have found them to be splendid and able men, I am not unmindful of the fact that they are Americans, and naturally they keep their eye on United States interests. While nothing definite can be stated until the outcome of the deliberations of the committee now in Japan has been made known, I am rather concerned, as I have said, about the size of the United States delegation, and I believe Canada's representation should have been numerically equal to theirs. There are theorists who call themselves economists, who

know little and care less about fisheries; and to refuse the Japanese an opportunity to deplete the coastal fisheries of this country does not conform to their kind of dream of a Utopian world. That is the kind of mentality we have been up against in endeavouring to protect the fisheries interests on the Pacific Coast.

There is another reason why I am somewhat perturbed at the present situation. Two years ago the President of the United States sent a delegation to Japan to investigate the fisheries of that country, and to acquaint themselves with the views of Japanese fishermen and fishing interests. I have before me a copy of the report they presented to the President. The delegation point out that it was made plain to them by every Japanese fishing association, every fisherman, and every cannery owner, that it was their intention to fish as widely as possible in the seas of the world, and that to restrict them would strangle the economy of their great country. We must bear in mind that at the Yalta Conference the United States and Great Britain agreed to the cession to Soviet Russia of the southern half of Sakhalin, and thereby took away the living of 150,000 Japanese and fishery products worth about $3,000,000 a year; and that the MacArthur line precludes the Japanese from fishing near Sakhalin. I hold no brief for the Japanese, as anyone who was in the House of Commons when I have spoken there concerning them will know. The honourable senator from Edmonton (Hon. Mr. MacKinnon) smiles: he has heard me a good many times in the other place on this subject. But one must be fair and look facts in the face. Here is a nation of 85,000,000 people living in a country about one-third the size of British Columbia with a population of only a little over a million. Before the war about a million and a half Japanese depended for their livelihood on the fishing industry. In their small country they cannot grow enough produce to support their population, so fish has become their main article of diet. Yet Allied statesmen handed over to Soviet Russia all the island of Sakhalin, whose southern half was ceded to Japan by the Peace Treaty of 1904. And as an extra gift, Russia has received all the small islands scattered over 700 miles of the Pacific which had belonged to Japan from time immemorial. We in British Columbia are somewhat concerned about these things.

I would remind honourable senators that Canada has two gateways. Broadly speaking, until recently general attention has been directed mainly towards Europe, and very little regard has been paid to the problems of the Pacific. In my opinion this is a dangerous attitude: we should take more interest in what is occurring in the Pacific region, and in the activities not only of Russia but of other countries. I trust that the projected agreement will include not only provision for protecting our coastal waters but other matters which I think are serious and important, and I hope that the Canadian delegation will not back down. The United States would like to confine Canadian fishermen to coastal waters, which by the old "cannon-ball law" extend only three miles from shore. We need a policy which will preserve our right to fish on the high seas. But for the agreement entered into by two countries to preserve halibut and sockeye salmon there would now be none left. And there are more things to be discussed with Japan than fishing for halibut, cod or salmon. Her rights under the whaling convention should be discussed. Then there is the fur seal fishing off the Pribilof Islands. At one time the Pribilof Islands, acquired by the United States in 1876, had a herd of 5 million seals, but as a result of ruthless slaughter this herd was eventually reduced to something like 500,000. Finally the United States, Russia, Japan, and Canada reached a sealing agreement, and the herd was built up to about 4 million seals just prior to the commencement of the last war. Incidentally, honourable senators will recall that just before the last war broke out Japan signified her intention of withdrawing from this sealing treaty. According to the terms of the agreement Canada undertook to prevent its fishermen from killing seals on the high seas while the animals were on their way up to the Pribilof Islands, and in return our country received three or four hundred thousand dollars a year from the United States government. All these matters are extremely important to us. I fully realize that the United States has been spending something like $1 billion a year for the last four years in Japan, and during that period has loaned Japan some $400 million annually. During the time that General MacArthur was in Japan no Canadian could trade with that country; all trading rights were reserved for the United States. I suppose the Americans, because of their huge expenditures in Japan, felt justified in keeping those rights to themselves. But our businessmen in British Columbia are wondering just where they are going to stand in matters of Japanese trade now that that country is on her own, so to speak, and particularly when the Americans leave Japan's shores after having looked after that country for some four or five years.

It is unfortunate, I think, that the treaty with Japan was not proceeded with despite the lack of sanction by Soviet Russia, who

only declared war on Japan some six days before that country capitulated. Russia did nothing at all to help in the overthrow of Japan, and it was only after the atomic bomb had been dropped on Hiroshima that Russia declared her intention of going to war against Japan. To my mind the United States should have gone ahead and seen to the signing of the treaty in 1947. It would have been signed at that time except for the objections raised by Soviet Russia, who has endeavoured to block the making of a treaty during the past four years. These are important matters.

I wish the delegation from Canada the best of luck and I trust that when the conditions of the agreement with Japan are made public, the points I have just mentioned will be settled to our advantage. But I am not overlooking two facts: the strength and bulk of the American commission, ten men as against our five, and the more important fact that the Japanese are now sitting with the treaty practically signed. It should have been written into the treaty that the Japanese were to be prevented from fishing off our shores and depleting our fisheries. I trust that the Japanese will be reasonable, for they, unlike the Canadian and American fishermen who have taken the precaution to see that our supplies of halibut, sock-eye salmon and Pribilof seals have not been destroyed, have always been exploiters rather than conservationists of fisheries.

I now come to the proposed legislation as outlined in the Speech from the Throne. I realize that many of the subjects touched upon will come before us later in the form of legislation, and therefore it is not my intention to deal at any length with those matters now. I should like to make the comment, however, that the legislative program proposed in the Speech from the Throne is a little too heavy for the time which has been allotted to us at this fall session. This session was called primarily so that parliament could deal with what we may call a universal pension, but the Throne Speech proposes legislation dealing with freight rates, the C.B.C. and other matters. I think honourable senators will agree with me that it is going to take every minute of our time to get through this agenda before Christmas, and I trust that the many important pieces of legislation will not be dilly-dallied with until the dying hours, so that an honourable senator will not be looked upon as committing a crime should he rise in his place and ask questions or take objection to any phase of the legislation.

I should like to make mention of something with regard to the sending of Canadian troops to Europe. I wonder how many of my colleagues received a small booklet entitled *Canada Off To Europe?* I would advise honourable senators to read this booklet, because in my opinion it is one of the finest instruction pamphlets any government department has ever put out. It instructs our soldiers how to conduct themselves when they are in European countries, and stresses the fact that they should not forget that they are acting in the capacity of Canadian ambassadors. I want to commend the government department which published this booket.

We in British Columbia are watching the St. Lawrence Waterway proposal, because it is our view that when this undertaking is completed all the provinces will bear its cost but the great benefit will go to perhaps one province. It will place a greater burden on the railways because of the loss of railway traffic, and we are a little afraid that this loss of traffic from the great industrial province of Ontario will result in the railways increasing freight rates elsewhere. In my opinion freight rates affect only eight provinces, and in support of this statement may I draw your attention to the fact that in the last rate increase of 21 per cent asked for by the railways, the two great provinces of Canada made no protest or took no apparent interest whatsoever because of the competition provided by water transportation and trucking transportation in these provinces. The result of this is that the railways give the provinces of Ontario and Quebec cheaper freight rates than were given to the other eight provinces.

This special session was called to deal principally with what is known as the universal pension. Legislation on this matter will come before us later on, so I am not going to deal extensively with it just now, but I believe it is important to make one or two remarks on the subject. Personally I wish the government had done away with the means test entirely for people at sixty-five as well as for those at seventy. Any who have had dealings with the means test must have realized the reluctance which many people feel in answering searching questions asked them by investigators and on forms that have to be signed. And if, as is generally agreed, the dollar today is worth only 50 cents as compared with the 1939 dollar, will anyone say that $40 a month is enough for a needy person in this country?

I cannot enthuse greatly over the granting of $40 a month to the well-to-do and wealthy. There is a question, I know, of treating everyone alike, but under the proposed system I doubt if anyone who is now fifty years of age or over can pay in all that he will receive or be entitled to receive. I am also opposed to placing a limit of $60 on the tax. I may be alone in the Senate in holding

this opinion, but I should have liked the government to take the forward step of making pensions available to persons of sixty-five and over without a means test, and placing the pensions on a contributory basis, in the real sense of that term. Although I have not the figures, I believe that if all incomes above the exempted level had been made subject to a straight tax of 2 per cent, the amount received from this source might have been sufficient to pay the whole shot. I may be wrong in this, but when the bill is before us we shall no doubt have an opportunity to get the information.

At present there are in Canada 320,000 persons in receipt of a monthly pension of $40—it is $50 in British Columbia and another province—and all these people have been subjected to the means test. The new legislation is not going to help that class. And among the 380,000 who the Honourable the Minister of National Health and Welfare says will come under the new scheme of pensions payable at age seventy there will be many to whom the pension will be just so much more "pin money." Is that desirable, with conditions and prices as they are today? And who dare say that the present high prices will not rise? In my opinion prices may be higher next year than they are today. The Civil Service is going to get a raise, the unions are beginning to ask for more money, and I cannot see how prices of goods can remain stationary while wages and salaries are going up.

Despite the present high prices we may look back next year upon 1951 as being not too bad. I say that because, after all, we must differentiate between high prices and inflation. The $325 million to $350 million which will go out next year, starting on the 1st of January, may cause a rush of spending that may very well increase inflation, but which certainly will not tend to bring down prices. I believe the cost of living is going to remain high for some time to come. I commend to honourable senators a splendid suggestion which was recently made by the American Federation of Labour, that its members, if given an increase in wages, would be willing to produce more. I think that is the first ray of hope that has been cast on the dark economic situation for some considerable time. Certainly up to the present it has not been a usual thing for a branch of organized labour to promise that it will try to produce more in return for higher wages.

It is also pertinent at this time to say a few words concerning the Canadian Broadcasting Corporation, for the Speech from the Throne forecast legislation affecting that body. It is well known that last year the CBC had a deficit of $242,000 and overspent the one million dollars provided by parliament during the year. I wonder how far the CBC will go in its extra expenditures if not curbed: The extra expenditures amounted to $242,000 last year and run to over a million this year, and nobody knows where the end will be. I suggest to honourable senators that before we vote the additional money which the government is asking for the CBC we should consider how much the taxpayers of Canada want to spend on radio. To my mind it is an open question whether the present bureaucracy of the CBC was ever desired or will ever be approved by the vast majority of Canadians. In my opinion the CBC should be made to cut its cloth to fit its suit, and forget about an extra pair of pants. At a later date, when the legislation is before us, I shall have plenty to say about the gross expenditures which to my way of thinking have been made by the CBC without any apparent control whatever.

I wonder how many senators listen to CBC broadcasts. How many heard the broadcast of news this morning, for instance? Those who did were given an example of how the CBC treats parliament. It referred at some length to the question of an office that had been occupied by a former member of the House of Commons, and to the services of a stenographer that had been available to him. You rarely hear anything about the serious minded speeches made in parliament, but any flippant references the CBC usually plays up. Whether the majority of people like that sort of thing I do not know, but I feel that when reporting parliamentary news the CBC should tell the people about some of the really worth-while speeches—for there are quite a lot of those, and a great deal of hard work goes into the preparation of some of them. Of course, I do not expect the CBC to pay attention to any remarks of mine, because I have said too many things not in its favour. I am sure I am off its list, but I think I will be able, when the time comes, to prove that some speeches made over it are subversive.

Hon. Mr. Barbour: You are not worrying, are you?

Hon. Mr. Reid: I am not worrying a great deal about being left off its list, but I shall save my remarks about the C.B.C. until the measure affecting it comes before us.

I wish to speak for a few moments about the question of price fixing, one of the most popular topics before the people today. I commend the government for the statement in the Speech from the Throne that it intends to do something about the problem. I do not say that the government is backing down on

its proposal—I hope it is not—in the appointment of a committee to study the subject. In fairness, I must say that it will allow an opportunity for both sides to be heard. I am, however, astonished that some active Liberals are not supporting this proposed measure. I should like to remind them of a definition given by the late Mackenzie King of the difference between a Liberal and a Conservative. I do not know how many honourable senators, when speaking on a public platform have had a member of the audience ask the question: "Mister, can you tell us the difference between a Conservative and a Liberal?" but I know that some speakers have floundered about, trying to say that it was a state of mind, and this and that. The late Mr. King put it concisely this way: "When the general interest conflicts with the particular interests the Liberal has always supported and stood for the general interest". It is true that times may change, but principles are immutable. Actually the people of Canada are divided into two camps of thought; one is for the particular interests and the other represents the general welfare of the rank and file of the Canadian people. There is no doubt as to which camp I am in: I am for the general interest, and that is why I support legislation to eliminate price fixing.

In Great Britain price fixing, cartels and combines are looked upon somewhat differently than they are in this country; but the British attitude has been growing here. There is in my home town an agent for the General Electric Company who tells me that he pays them $12 for an electric kettle which he retails at $15, and that no one in Canada is allowed to sell below that fixed price. Across the border, in the State of Washington, the same kettle can be bought for $8.50. But be that as it may; this agent received a letter from the manufacturer stating that if he would send in the names of a friend or two, or of employees, they would allow him to sell an electric kettle to such persons for $12, and that the wholesale price to him would be $9. That agent thought that the retail price of $15 had to be maintained, yet the rule of the combine permitted him to sell kettles to a few of his friends, upon the names being supplied, at $12.

Hon. Mr. Hayden: Would the honourable senator permit a question? What do you mean by "the rule of the combine"? I am not clear on that.

Hon. Mr. Reid: I probably used the word "combine" in the wrong sense.

Hon. Mr. Hayden: I think you did.

Hon. Mr. Reid: I thank my honourable friend for correcting me on that point. Having read a report of some of the litigation on combines, I realize now I perhaps used the term in too wide a sense.

Hon. Mr. Hayden: You cannot combine with yourself.

Hon. Mr. Reid: No. I stand corrected. In Ottawa I recently saw two signs, printed I think in Toronto, in two stores, containing these words: "Pre-Korean prices. Shirts formerly $4.95 now $3.95". If those stores are making a profit on shirts at $3.95, which I am sure they are, how much were they making when they were selling them at $4.95? That situation can be multiplied many times over in Canada, and the general feeling on the part of the public, in spite of all the arguments to the contrary, is that the controlling of prices is a curtailment of free competition as we know it. It is my strong personal conviction that the system of fixed prices retards competition, and we had better do something about it before it reaches the proportions it has in some of the continental countries. When the Safeway Stores, for instance, first started, the housewife could go there and pick up certain goods at two cents or five cents less than the regular price. She served herself, paid the cashier and carried the goods home. But today there is little difference between the prices in the Safeway Stores and in those large outlets such as Eaton's and the Hudson's Bay stores. Such big stores as I have mentioned are today delivering goods to points forty and fifty miles away. The little merchant, who was once able to sell cheaper than the big stores, is today faced with competition on the same price level with deliveries being made to the customers' doors. Certainly, he cannot afford to give that delivery service unless he charges extra for it or foots the bill out of his own profits.

Honourable senators, some of whom may be merchants, probably are wondering how far I will go in my argument on this price question. I would point out further that the agent for General Electric, to whom I referred, is not allowed to handle electric ranges; but a garageman on the corner, who got in a little ahead of the agent, has set aside a corner of his shop where he sells ranges. Yet the company refuses to sell stoves to the agent. There is serious danger to free competition today in the refusal of the manufacturers to sell their goods to certain people and in the fixing of prices, for if you dare to sell below the price that has been set or agreed upon, you may be penalized or put out of business. There are many housewives whose husbands are not earning a great deal. One has only to go into a five-and-ten cent store in this city, or any store special-

izing in the general class of products, to see housewives hunting around for bargains, because if they can pick up something a little cheaper than it can be got elsewhere it is good economy. If ever we adopt a system under which nothing can be sold for less than a fixed price, it will mean higher prices.

I know that the Prime Minister made some reference to prices across the line. I am not going to enter into that phase of the subject, other than to say that whether goods in the United States are cheaper or dearer depends on where you buy them. I know that there is competition in that country. I have travelled across the United States eight times in as many years, and it is my personal experience that the same article may be had at different prices in different cities. But everywhere I bought anything I was able to buy it cheaper than it could be had in British Columbia. In Canada, so far as most articles are concerned, competition is non-existent. The price in Halifax is much the same as in Ottawa or in Vancouver, and there is practically no variation even in the interior of British Columbia in spite of the added cost of transportation. That is so whether what you buy is a box of matches or a shirt.

In my opinion it is time we had a quality standard in this country, and I suggest that the matter is well worth study by a committee of this Senate, assisted by the Bureau of Statistics. Many goods which are advertised as wool do not contain more than 40 per cent of wool. So far as I know there is no imposed standard. One suit or one pair of socks may look the same as another, but there can be a vast difference in the quality and in the quantity of wool which the article contains. The time is coming, if it is not already here, when people should be able to buy according to a quality standard. Then, if an article were guaranteed, or advertised as containing a certain percentage of wool, the buyer could be sure that it did in fact contain that quantity.

I have a word or two to say about the Combines Investigation Act. I trust that when we reassemble a committee will be set up to consider this legislation, because in my opinion if any statute requires overhauling it is this particular Act. We have had many exposures of the activities of these combines, the latest, perhaps, having to do with bread. Will anyone contend that a $10,000 fine is an adequate penalty for a group of large bakeries which controls the bread of the people? We need the kind of Combines Investigation Act which will discourage monopolies. I know that some investigation has been made of the practices of bakeries, and manufacturers of glass and matches, but we have barely scratched the surface. To vary the metaphor, the really big fish have been left alone. Some of the worst offenders are operating as patent holders, and our laws are powerless to control them. I will cite only one or two cases which have been brought to my attention by a professor of the University of British Columbia who has made a study of this matter. He points out that many large concerns hold patents and enjoy a monopoly of them. Nobody can go into certain businesses without the use of one of those patents. It is well known, for example, that no outsider can obtain a match-making machine. That means that he cannot make matches, because the patent rights of the machinery are held by a combine or cartel. That is but one instance out of many. This professor says that the Du Pont Company and the Rohm and Haas Company of the United States, and I. G. Farben of Germany and a company in Great Britain, had a cartel agreement under which the American monopoly in a dental plastic —one of a group of products—was assigned to the American companies. The same product was sold at two prices: 85 cents per pound for industrial purposes, such as ash-trays, and $45 per pound for dental plastics. When it was discovered that the powders were being "bootlegged" to the dental laboratories the chemists of the Rohm and Haas Company were given instructions to stop it. They put forward the suggestion that if "a millionth of one percent of arsenic of lead" were put in the commercial product, and it was used by the dental laboratories, the latter could be sued under the Pure Food and Drug Law.

I will mention only one other instance, and this, again, relates to the General Electric Company. They were accused of forcing all manufacturers of bulbs for flash-light lamps to reduce the life of the bulbs from 300 to 200 hours. They hold a patent on these products.

I trust that our investigation next year will be a one hundred per cent affair, and that we shall find out how many patents are held by large companies, especially those with headquarters in Europe or in Great Britain, who will not permit the purchase or sale of articles they control excepting through particular firms or organizations working under restrictive conditions. I believe the Senate could do some really useful work with regard to combines.

I have just a word or two to say about free enterprise. We should bear in mind that the conception of free enterprise held in Europe, including Great Britain, is not the same as ours. I have made reference to this matter on previous occasions, both here and in the other place, and I think that one or two recent occurrences in our own province are worth mentioning as a

reminder of the extent to which we have lost our individual liberties. Recently a man was brought before the courts, and what do you suppose was the charge? He was charged with selling to a firm milk that was better—not poorer—than the regulations permitted. In my early days I thought that laws were designed to protect the public from poor or adulterated food. But this man sold milk with 3·5 cream or fat content, when the prescribed content was only 3·25. So he was brought before the courts.

Hon. Mr. Bishop: Who prosecuted him? Who brought him before the court?

Hon. Mr. Reid: Inspectors. There is a law in our province which prohibits the selling of milk above a certain quality and below a certain price. In the cities of Vancouver and New Westminster the Safeways Stores offered to sell milk for 3 cents a quart less than the prevailing rate, but were prevented by law. Their argument was that the delivery of milk was too costly, and that housewives should be allowed to buy milk in their shops, take it home, and thereby save 3 cents a quart.

Hon. Mr. Horner: Is there a milk board in British Columbia?

Hon. Mr. Reid: Yes. There is a man known as a "milk czar." When one man is empowered to do these things he is called a "czar." So these stores are not allowed to sell a quart of milk for 3 cents less, although people are willing to go there and carry it home. It must be delivered. Strange to say the delivery requirement is supported by certain unions, their reason being that to permit the customer to carry his milk home would deprive some men of their jobs. In the face of these things people get up and talk glibly about "free enterprise." I have been a Liberal all my life, but when I hear the utterances of certain Liberals in my province, when I see that every move they make is favourable to cartels and combines and the curtailment of liberty in some form or another, I say "If that is your outlook, be honest, and tell the people you are Liberals no more; you now want to regiment the people and deprive them of their freedom." For example, I could not go into the taxi or the trucking business in my district. A board is set up to control these things, and if I went before them they could tell me, "Oh, you will not be allowed to operate; there is a taxi business a mile away," so I would not be allowed to invest my money in a new taxi business. If I wanted to go into the trucking business I could be given the same story. If that principle is to be applied to the taxi business and the trucking business, it could be made to apply to such merchants as haberdashers, and so on. I just wonder what merchants would say if they were told they could not start up in a certain business because there were too many already in that business, that there was a man with a store on the next corner who had to be protected? I am against such restrictions of individual liberty.

In closing I wish to say that business is booming in the province of British Columbia at the moment. I think it certainly can be said that the last frontier has been reached in the United States and that the new frontiers of endeavour are now to be found in Canada. The northern part of Alberta, Saskatchewan and British Columbia are now being looked to by the American industrialists and investors, and they are pouring hundreds of thousands of dollars into our North. I am a little worried, however, about our Canadian dollar. When I study the American picture and the money the Americans are pouring into Canada and the profits they are taking out from the produce of our mines and forests, I cannot understand for the life of me why our Canadian dollar should be at a discount. Do honourable senators realize that the Americans are financing and doing business on a deficit budget; that they are spending billions of dollars simply by writing on paper? It is true that they have something like $23 billions worth of gold hidden in a vault in their country, but that gold reserve is not used any more to bolster currency. We in this country have a better and more sound financial economy than has the United States. and yet our dollar is at a discount. When I go across the line I am told by the Americans that they cannot accept my dollar except at a 5 per cent discount. I resent that situation. I draw the attention of honourable senators to it, and I say that the sooner our dollar is on a parity with the American dollar the better it will be. I believe that our dollar is being manipulated—and there may be reasons for it; but I think if it were allowed its freedom our Canadian dollar would be above the American dollar because of the financial position of this country as compared to that of the United States.

Honourable senators, I am sorry for having taken up so much time. I did not intend to cover so many subjects, and I shall leave the remainder of my remarks until the various legislation forecast in the Speech from the Throne comes before us.

Hon. Mr. Horner: Honourable senators, I move the adjournment of the debate.

The motion of Hon. Mr. Horner was agreed to, and the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, November 7, 1951

The Senate met at 3 p.m., the Acting Speaker (Hon. Mr. Beaubien) in the Chair.

Prayers and routine proceedings.

COMBINES LEGISLATION

MESSAGE FROM THE COMMONS—PROPOSED JOINT COMMITTEE

The Hon. the Acting Speaker: Honourable senators, a message has been received from the House of Commons reading as follows:

Resolved, That a joint committee of both houses of parliament be appointed to consider the interim report of the committee appointed to study combines legislation, tabled in the House of Commons Friday, October 12, 1951; and to consider appropriate amendments to the Combines Investigation Act based thereon.

That twenty-six members of the House of Commons, to be designated by the house at a later date, be members of the joint committee on the part of this house, and that standing order 65 of the House of Commons be suspended in relation thereto;

That the said committee have power to appoint, from among its members, such sub-committees as may be deemed advisable or necessary; to call for persons, papers and records; to examine witnesses under oath; to sit while the house is sitting, and to report from time to time;

That the said committee have power to print such papers and evidence from day to day as may be ordered by the committee for the use of the committee and of parliament, and that standing order 64 of the House of Commons be suspended in relation thereto.

And that a message be sent to the Senate requesting that house to unite with this house for the above purpose and to select, if the Senate deems advisable, some of its members to act on the said proposed joint committee.

Honourable senators, when shall this message be taken into consideration?

Hon. Mr. Hugessen: With leave of the Senate, I move that this message be now taken into consideration.

The Hon. the Acting Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Mr. Reid: May I ask a question of the honourable acting leader (Hon. Mr. Hugessen)? It has been the custom, when committees of this chamber have been set up, to permit honourable members who are not appointed to the committees to attend committee meetings and, otherwise than by voting, take an equal part with the members of the committee. As this is a very important committee I am just wondering whether the same right will be given, so that honourable senators who are not members of the committee will have the right to appear before the committee and, without being frowned upon, take part in its deliberations.

Hon. Mr. Hugessen: I think I can answer my honourable friend from New Westminster (Hon. Mr. Reid) in a way which will meet with his satisfaction. This is to be a joint committee of both houses of parliament, and in so far as this house is concerned we can follow precisely the same procedure as we do with respect to our own standing committees. I am sure that any member of this chamber who is not a member of the proposed joint committee will be made welcome at the meetings of that committee.

Hon. Mr. Reid: If it should happen that I am not a member of this committee I would want to attend its meetings as a non-member, and I should like to know that I will be supported by honourable senators who are on that committee if members of the House of Commons should object to my presence.

Hon. Mr. Lambert: May I ask the acting honourable leader if it is in order to discuss this message, as has been done in the House of Commons?

Hon. Mr. Hugessen: When the honourable senator from New Westminster (Hon. Mr. Reid) asked his question, I was about to move a resolution upon which a debate could take place.

Hon. Mr. Haig: Honourable senators, I am not sure that any member of the Senate who is not a member of that committee will be able to ask questions at its meetings, except with the consent of the joint chairmen.

Hon. Mr. Reid: I want to make sure of that.

Hon. Mr. Haig: I doubt it, because it will be a joint committee and will be subject to all the restrictions usually imposed by the standing committees of either house. As I understand it the House of Commons does not allow its members who are not serving on committees to ask questions in those committees.

Hon. Mr. Euler: Yes they do.

Hon. Mr. Turgeon: Oh, yes.

Hon. Mr. Haig: Then the same rules would apply in this instance. I appreciate the stand taken by the honourable senator from New Westminster and I shall help him all I can, but I do not want to promise something that cannot possibly be done.

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

APPOINTMENT OF SENATE MEMBERS OF COMMITTEE

Hon. A. K. Hugessen moved:

That the Senate do unite with the House of Commons in the appointment of a joint committee

of both houses of parliament to consider the interim report of the committee appointed to study Combines Legislation, tabled in the Senate Tuesday, November 6, 1951; and to consider appropriate amendments to the Combines Investigation Act based thereon;

That the following senators be appointed to act on behalf of the Senate on the said joint committee, namely, the Honourable Senators Aseltine, Beaubien, Burchill, Dupuis, Fogo, Godbout, Golding, Hawkins, Horner, Lambert, Pratt and Vaillancourt.

That the committee have power to appoint, from among its members, such subcommittees as may be deemed advisable or necessary; to send for persons, papers and records; to examine witnesses under oath; to sit during sittings and adjournments of the Senate, and to report from time to time;

That the committee have power to print such papers and evidence from day to day as it may order for the use of the committee and of parliament, and that Rule 100 of the Senate be suspended in relation thereto;

That a message be sent to the House of Commons to inform that house accordingly.

He said: Honourable senators, I should perhaps say a few words in connection with this resolution. It arises as a result of a resolution adopted in the other place late yesterday, suggesting to this house that we join with them in appointing a joint committee for the purposes set out in that resolution. With regard to the resolution that I have just moved, I should perhaps direct the attention of the Senate to the fact that of the twelve senators nominated to be members of the Joint Committee, three have been selected from each of the four great geographical divisions of the country. The only other feature of the resolution to which I should perhaps direct attention is the proposed waiving of Rule 100 of the Senate. That merely has reference to the question of printing. Rule 100 says:

All papers laid on the Table stand referred to the Joint Committee on Printing, who decide and report whether they are to be printed.

The resolution provides for the printing by the joint committee of its own proceedings.

The background of this resolution is, I think, familiar to all honourable senators. It arises from the interim report made on the 1st of October of this year by the committee set up approximately a year ago by the Minister of Justice to report on combines legislation in general. The chairman of that committee was Mr. Justice MacQuarrie, of Nova Scotia, and in consequence the committee is customarily referred to as the MacQuarrie committee. I understand that copies of the interim report of October 1 have been circulated to all senators, although it was not until yesterday evening that there was an opportunity formally to lay the report on the table of the House.

The interim report deals specifically with one feature of the committee's investigation into combines, namely, resale price maintenance. I do not want to discuss the report at any length now, but with a view to giving the house a birds' eye view of what is involved I should perhaps read the first two paragraphs of the report and as well a short paragraph at the end. In the introduction to the report the committee says:

Among restrictive trade practices, resale price maintenance is probably the best known and has been widely analyzed and discussed. By resale price maintenance we understand the practice designed to ensure that a particular article shall not be resold by retailers, wholesalers or other distributors at less than the price prescribed by the supplier, that is, in most cases, the manufacturer. Measures to enforce the prescribed price may take different forms, such as warnings, fines, the denial of supplies, and withdrawal of discounts.

Resale price maintenance may be established either on a collective basis by an agreement among rival suppliers (horizontal) or on an individual basis by a single supplier (vertical). The collective schemes need not be discussed; they are generally recognized as being against the public interest and illegal in Canada. Consideration will therefore be restricted to the maintenance of resale prices by individual suppliers.

That is the subject which the committee will study, namely, the maintenance of resale price by individual suppliers.

The MacQuarrie Committee then proceeded to consider at some length the various arguments submitted in favour of and against this practice, and on page 21 of the interim report its recommendations are summarized as follows:

The committee, therefore, recommends that it should be made an offence for a manufacturer or other supplier:

1. To recommend or prescribe minimum resale prices for his products;

2. To refuse to sell, to withdraw a franchise or to take any other form of action as a means of enforcing minimum resale prices.

That, honourable senators, is the conclusion of the MacQuarrie Report.

The report was received prior to the opening of this session of parliament, and the subject was referred to in the Speech from the Throne in the following words:

The government has received an interim report from the committee studying the combines legislation recommending that suppliers of goods should be prohibited from requiring or inducing distributors to resell such goods at fixed or minimum resale prices. You will be asked to consider legislation arising out of the committee's interim report.

The setting up of the joint committee arises out of that statement in the Speech from the Throne, and the procedure is similar in substance to that which took place when a joint committee of the two houses was set up to consider old age security. I am informed that the government is extremely anxious that the committee begin functioning, and it is desirous that parliament shall be in a position to deal with this matter and

to pass the legislation recommended by the MacQuarrie Report prior to the end of the present session.

Hon. Mr. Reid: May I ask the honourable acting leader a question? Are the powers given to the committee by the resolution circumscribed? In other words, is the scope of study by the committee limited to the recommendations in the MacQuarrie Report, or are its powers wider than that? For instance, will the committee be able to deal with the entire combines legislation?

Hon. Mr. Hugessen: The committee will be confined to this one phase of the combines legislation, the reason being that it is the only phase on which the MacQuarrie Committee has yet reported.

Hon. John T. Haig: Honourable members, I propose to adjourn the debate, but before doing so I wish to express entire agreement with the remarks of the acting leader of the government. I think the committee should be formed as soon as possible, in order that it may give adequate and careful consideration to all the representations that will be made before it. However, this is the first time I have heard the resolution, and in consenting to its presentation this afternoon I informed the acting government leader (Hon. Mr. Hugessen) that I would adjourn the debate. I so move.

The motion of the Hon. Mr. Haig was agreed to, and the debate was adjourned.

TRANSPORT AND COMMUNICATIONS COMMITTEE

CHANGES IN PERSONNEL

Hon. Mr. Hugessen: Honourable senators, with leave of the Senate, I move that the name of the Hon. Senator Aseltine be substituted for that of the Hon. Senator Fallis on the Standing Committee of the Senate on Transport and Communications.

The motion was agreed to.

Hon. Mr. Hugessen: Honourable senators, with leave of the Senate, I move that the name of the Hon. Senator Nicol be substituted for that of the Hon. Senator Daigle on the Standing Committee of the Senate on Transport and Communications.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, November 8, 1951

The Senate met at 3 p.m., the Acting Speaker (Hon. Mr. Beaubien) in the Chair.

Prayers and routine proceedings.

FERTILIZERS

ORDER FOR RETURN

Hon. Mr. McDonald inquired of the government:

1. What was the production in Canada, and imports into Canada for the years 1939, 1949 and 1950, for the following fertilizers:

Mixed fertilizers (solid),
Nitrogen solution,
Ammonium sulphate,
Ammonium nitrate,
Ammonium phosphate,
Cyanamide,
Superphosphate,
Natural phosphate rock,
Bone meal or bone flour,
Muriate of potash 50 per cent,
Muriate of potash 60 per cent,
Sulphate of potash.

2. What was the value per short ton of the imported fertilizers and fertilizer materials for the above mentioned years?

3. (a) What were the sales in Canada, with prices charged by leading fertilizer companies, by provinces, of fertilizer materials and mixed fertilizers for the years ended June 30, 1939-40 and 1949-50?

(b) What was the cost per ton of producing ammonium nitrate the last year it was manufactured under the jurisdiction of a government department —what was the cost for the last period for which there is a record?

4. What amount of granulated Sydney slag has been sold during the last two years? Realizing the importance of this product to the Maritimes, has the government given consideration to making funds available for the erection of a plant which could turn out finely ground slag at low cost to the farmers?

5. What progress has been made by investigation and development towards making it possible for Canada to produce her own requirements of phosphoric acid and potash since the Senate, through its Standing Committee on Natural Resources, in the 1947 session, made an enquiry into the possibility of attaining self-sufficiency in commercial fertilizer supplies for our farmers?

6. Can an estimate be given of the savings effected by the farmers of Canada through buying high grade fertilizers not requiring filler?

Hon. A. K. Hugessen: Honourable senators, as this inquiry deals with material which has to be obtained from a number of departments, I think it should stand as an Order for Return.

The inquiry was passed as an Order for Return.

COMBINES LEGISLATION

APPOINTMENT OF SENATE MEMBERS OF JOINT COMMITTEE

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Hugessen for the appointment of a joint committee of both houses of parliament to consider the interim report of the committee appointed to study combines legislation.

Hon. John T. Haig: Honourable senators, it would be very inappropriate for me to express at this time any opinion on the merits of the motion. I may deviate a little in that direction, but I quite understand that if the motion carries a joint committee of both houses will be set up and that anyone who wishes to make representations before the committee in favour of or against the proposed legislation will have an opportunity to do so. Therefore, any member who has any respect for his own judgment—to say nothing of whether anyone else respects it or not—will have to postpone expression of his views on the legislation until the committee's hearings are concluded. I presume that reports of the committee's proceedings will be printed and distributed for us to study, and as a basis for our opinions on the legislation.

But the point I wish to make is that the motion is a most peculiar one. So far as I can remember, this is the first time during my membership in the Senate when the Speech from the Throne has promised legislation, and then, suddenly, out of the blue, the government has requested parliament to appoint a joint committee of both houses to investigate the subject that is to be covered by the proposed legislation. Surely if the Speech from the Throne means anything it means a promise by the government to introduce the legislation that is forecast in the speech. I admit that because of unavoidable delays, or for other reasons, it may at times be found impossible to have legislation passed before the session ends. The government is not positively bound to see that legislation mentioned in the Speech from the Throne is passed by parliament in the current session. But it was anticipated that the combines legislation would be introduced and passed at this session. However, the minister in charge of combines legislation has announced that there have been so many requests from various people to have the matter further considered that the government has given in and recommended the appointment of a joint committee for this purpose.

Now, here is a surprising feature. The custom of having fixed prices for certain goods has been in effect, I suppose, from time immemorial—at any rate, for a long while—in this country, in Britain, in the United States and other countries; but I doubt if it has anything to do with those goods and services which influence the cost of living index. I understand that the First Minister

made the statement in the other place that he thought it had only a slight effect on the cost of living. I agree with that statement.

Why should legislation of this character be proposed at all? Let us examine what is back of the proposal. I have in my hand a copy of the interim report by the MacQuarrie Committee. Like a report for consideration by a court of appeal, it sets out the arguments on both sides of the question. A careful study of the document reveals to me only one argument in favour of the bringing in of the proposed type of legislation. The report contains only two significant paragraphs in this respect. They are to be found in section 4, on page 8, under the heading "Submissions received". The first paragraph reads as follows:

> As indicated above, the committee received a great many briefs, nearly all of which made some reference to resale price maintenance. They reveal divergent opinions on the subject. Although there are some notable exceptions, in general the associations representing manufacturers, wholesalers and retailers favoured resale price maintenance. On the contrary, co-operatives, labour unions, farmers' and consumers' associations expressed opposition to the practice.

I have been in public life for about thirty-five years and am well known in the city of Winnipeg, yet in all those years I have never been asked by any organization or person to support legislation of the character now proposed. True, there have been protests against combines for various purposes; indeed, only recently we had two or three prosecutions involving combines. But I emphasize that no one has ever approached me requesting legislation prohibiting a manufacturer from setting the price at which his goods shall be sold. I doubt if any senator has received such a request, except perhaps within the past two or three weeks.

Let us examine from a practical point of view the subject under discussion. Suppose I manufacture tooth paste, for instance, and fix the resale price at fifteen cents a tube; and the merchants and the little men all over the country stock up with it. Now, there are hundreds of other kinds of tooth paste on the market—

Hon. Mr. Euler: Not at fifteen cents.

Hon. Mr. Haig: But Haig & Haig's tooth paste must be sold at fifteen cents. Well, make it twenty-five cents.

Hon. Mr. Horner: Why not say thirty-five cents?

Hon. Mr. Haig: Very well; the cost has nothing to do with the illustration. Why should anybody object to Haig & Haig—?

Hon. Mr. MacLennan: It is good stuff.

Hon. Mr. Haig: My friend has something else besides tooth paste in mind. Haig & Haig, who, we will suppose, are manufacturing tooth paste, are told, "You may not price your tooth paste at 35 cents a tube; you must let the price be fixed by the market." But whom is hurt by Haig & Haig's price fixing? The public can buy a dozen other kinds of tooth paste at whatever price the manufacturers choose to sell it for: why should my Haig firm be singled out because I want 35 cents? If I am badly advised, I may not be able to get anyone to sell my products.

There are other factors involved. For example, why am I more likely to buy a product of Ford Motors, General Motors, or Chrysler? The reason is that those companies maintain depots right across Canada, and if any of their cars cause trouble it is easy to get them repaired. The same principle applies to any manufactured article for which service is maintained across the dominion; and the producer will probably ask a certain fixed price. Now whom does that hurt?

The Prime Minister has admitted that control is not likely to affect the cost of living to any extent. In my opinion it will not be affected at all. Is the present system objectionable to the retail merchant? He is not kicking about it; he is the very man who is complaining of the proposal to impose restriction. Are the big dealers—Eaton's, Loblaw's, the Hudson Bay, Simpson's—kicking about present conditions? Oh, no. Is the small corner store-keeper protesting? Quite the contrary; he wants the present system to be continued. Then what is the purpose of the proposed legislation? It can have only one object—to pretend to the people of Canada that we are doing something to cut down the cost of living. And why should we indulge in a pretence of this kind when we know that it cannot have that effect? Why do we not tell the people the facts? Why does not the government of this country inform the people that a great many changes will be necessary if the cost of living is to come down. You cannot go on spending millions of dollars and yet hope that by fiddling with such trifling matters as the price of tooth-paste, the cost of living will be reduced. And it is with such little things that the motion has to do.

I am quite willing to fight for any legislation which by any stretch of the imagination can be expected to bring down the cost of living. But such a device as is proposed can be described only by one word, and that a bitter one,—humbug; unadulterated humbug. To judge from editorials in one of the newspapers in my city, one would imagine that these proposals are an important element in fighting the increased cost of living; and the government is praised for the measures it proposes to take. The editorial page of one

Winnipeg paper contains a lengthy article on this thesis. Last evening, while talking to a very able young man who operates a medium-size drug store in my city, I asked him, "what will be the effect of the proposed amendments if they go through?" "Well," he said, "probably some of the big stores will sell this and that article below cost, and if I want to compete, I shall have to cut my price too; but let me tell you, John T. Haig, we will get the money back on something else. I have to live, and to make a living for my wife and children I must get a profit on the goods I sell." That is the complete picture.

I am pleased that our house will be represented on the committee; I think it is an honour that the Senate has been asked to take part in the deliberations of this committee. I am sorry to say, however, that in my humble opinion honourable senators on the committee who expect to accomplish anything in the way of solving our country's problems are going to be greatly disappointed. Such legislation as this can lead us nowhere.

If honourable senators read this interim report through they will find in it everything I have said. One of the general conclusions in it is that the crux of this price-control problem is the device known as the loss-leader. Now, it is my opinion that this is where legislation should be directed first. For instance, let us take the price of oranges. I do not know about other cities, but in Winnipeg a certain type of California oranges are selling at 50 cents a dozen. Now, if one of our big chain stores—Safeway, Hudson's Bay or Eaton's—advertise oranges at 12 cents a dozen, you will nevertheless find that many people will not go to those stores to buy their oranges. One of our big stores advertised sugar at about half the market price, and the ordinary wholesale merchant came to the retailers and said, "Well, what about sugar? I see that the Safeway stores are advertising it at a very low rate." The retailer said, "Well, let the consumers go to Safeway to buy their sugar, but let them buy the rest of their goods from us". The result was that within two months the Safeway stores had to stop selling their sugar at the reduced rate. This cannot be done on big items, but on little things the big stores are able to attract the people by what are called loss-leaders, and more than make up the loss on them by the sale of other goods. That is what is referred to in this interim report, and it is stated that when time is available a report will be made on that subject as well. I think that is going about it in the wrong way. It is the little fellow who does not like this legislation, not the big fellow.

You may ask "What about the manufacturer?" One result is inevitable. Manufacturers of price-fixed articles of a certain type—I do not think the toothpaste manufacturers could do it—will have to start their own retail outlets in order to meet the problem, and that will drive the little fellow out of business, and I am persuaded that what is desired in many cities is the competition of the little fellows. We have no objection to the large dealer, but we want to give the little dealer a chance, and I believe that what is proposed will affect him more adversely than anybody else. I am convinced that this feeling has been so widespread that the government has had to yield to the request of the Canadian people for an investigation before introducing the legislation forecast in the Speech from the Throne. If this is not so, why did the government say, "We will appoint a committee"?

When this joint committee is formed and its report is brought in, legislation may be forthcoming, and if it is then we ought to look into it most carefully. The Senate is one body which ought to see that the small dealer in Canada gets an even break with the big dealer. The only government to suggest a remedy such as the one before us came from the socialist government in Great Britain, and one would expect that.

Honourable senators, I feel that we should vote for the setting up of this Combines Legislation Committee because it will at least give the people interested an opportunity to submit their views. I honestly think that if the members of this chamber were to read this interim report through, they would reach the conclusion I have reached, namely, that the combines legislation is absolutely unnecessary and will serve no useful purpose. For a moment or two it may give many people a feeling that there will be a reduction in the cost of living; but actually it will amount to nothing. I hope that the senators serving on the joint committee will listen with an open mind to the representations made to the committee, and I hope they will remember that the fixing of prices by a manufacturer is a long-established practice in our country, and that it is done by one man—not a combination of men—who manufactures goods of a certain standard of quality which must be maintained if he is going to hold the market all across the country. We should see to it, therefore, that before we disturb this system there is ample evidence to convince the Canadian people that what we are doing is right.

Honourable senators, I am delighted that this committee is being set up, and I only hope it will make a thorough investigation,

and that the senators serving on it will not leave all the investigating to the members of the House of Commons. I hope they will get all the facts before them, so that if and when the combines legislation comes before us they will be able to tell us what they have learned.

Some Hon. Senators: Hear, hear.

Hon. Gordon B. Isnor: Honourable senators, I should like to approach this debate from the standpoint of one mentioned by the honourable leader of the opposition (Hon. Mr. Haig), namely, the retailer. I, too, have read this interim report several times and have done so with a great deal of interest. I wanted to find the definition of such things as the maintenance of resale prices by the individual supplier, and to study the presentations made by the various organizations or individuals who appeared before the MacQuarrie Committee.

Before dealing directly with the resolution and the material contained in the interim report, may I compliment the acting leader of the government (Hon. Mr. Hugessen) on his selection of twelve members to represent the Senate on the proposed joint committee? The procedure in selecting them was different from that followed by the government in setting up the MacQuarrie Committee. The Honourable J. H. MacQuarrie, a member of the Supreme Court of Nova Scotia, appointed as chairman of that committee, is a man held in high esteem in his native province. I had the honour to sit with him in the Legislature of Nova Scotia from 1928 to 1935. We in the Maritimes have a great deal of respect for his judgment, integrity and honesty. There is no doubt that the other members of the MacQuarrie Committee are also men of high character and judgment, but they are all more or less of the professional class. None of them could be exactly termed as being in the commercial field—experienced retailers, wholesalers or manufacturers—and therein, I think, lies a weakness in so far as the report is concerned. On the other hand, as I mentioned a moment ago, I am very pleased to note that the acting leader of the government chose not only four barristers—I suppose it is always necessary to have legal advisers in the membership of a committee—but in addition chose two farmers, two lumber operators, one machinist, one businessman, a manufacturer, and one whom I would term a business manager.

Hon. Mr. Hugessen: May I interrupt my honourable friend for just a moment? I do not want to take credit where none is due. It was not I who was responsible for naming the members of the committee.

Hon. Mr. Isnor: I can only go on the fact that the honourable acting leader presented the resolution in which the committee was named. If credit is due to someone else I know he will be good enough to pass along my comments in that connection.

Now, honourable senators, in a country as large as Canada, where manufacturers sell from the Atlantic to the Pacific, the cost of operating is naturally much greater than in a smaller area with a larger population. I think it is recognized as a common business maxim that it is easier to sell to a nearby community than to one that is far distant. With this in mind, I think it would be safe to say that in the two central provinces, Ontario and Quebec, with their combined population, amounting to 66 per cent of the total population of Canada, and with their concentrated buying power and their industrial life, a manufacturer would be able to sell to better advantage than if he extended his activities to the extreme east and west of the country. I mention that as a background because I propose to show that that is a factor in the resale price maintenance policy.

Briefly, my remarks are based on the fact that manufacturers in central Canada, by fixing resale prices, are extending to the eastern and western sections of the country a business arrangement which places these sections on an equal basis with the central provinces. While this object may be achieved in some other way, I think this is one factor in favour of the price maintenance policy.

As before stated, our domestic trade is broad and complicated, including as it does the transportation and distribution of goods within the country through the media of railways, steamships, and wholesale and retail stores. Such operations, even if they do not produce material goods, add substantially to the national income. The distribution of goods at both the wholesale and retail levels and the production of those services which cater to Canadians as consumers constitute a phase of our economy in which increased interest is being shown. I think that is very definitely indicated by the representations that were made to the MacQuarrie Committee, and by the representations which, I gather from a statement of the Minister of Justice, were made by people who wish to have this matter referred to a joint committee of both houses.

I should have thought that any legislation covering matters so vitally concerned with our domesic trade and the relations between the manufacturer, wholesaler and retailer, would have been withheld by the government until the 1951 census was completed. That

census will no doubt give much useful information on the subject of distribution and merchandising services. Retail stores absorb a large portion of the consumer dollar, and the Dominion Bureau of Statistics, through its Merchandising Branch, has given considerable attention to the volume of business in dollars and cents as well as to the amounts of stock carried by stores. I am wondering what use, if any, the MacQuarrie Committee has made of this information in arriving at the conclusions presented in the interim report. This is a source which the joint committee could use to good advantage.

During the post-war period merchandising has undergone many changes. The backlog of demand for durable merchandise created by wartime shortages has now been met. I say, notwithstanding the view held by some of the people, that in certain sections there are no merchandise shortages. It seems to me that one only needs to look at the large advertisements in daily newspapers to see that department stores have on hand vast stocks of goods that they are eager to dispose of, sometimes—and I am glad to see this—at reduced prices. It will be recalled that earlier this year there was a so-called price war for a while between two or three of the large department stores in New York City. Goods which had accumulated on the shelves were thrown on the market, and people were able to buy them at sacrifice prices. At that time there was considerable reference to the practice of resale price maintenance, from which the stores in question were at the moment departing. If I recall correctly, prior to the so-called price war the R. H. Macy Company had been selling 3·3 per cent of the total number of Mixmasters sold on the New York market, but by offering this article to the public at a sacrifice price they were able to build their sales up to 52·6 per cent of the total in that area. That was one of those situations of a kind to which the leader of the opposition referred as having a bad effect on smaller stores, because when this large company increased its sales of the article about twenty times there was not of course so much business available for smaller stores.

Hon. Mr. Stambaugh: How about the consumer?

Hon. Mr. Isnor: My honourable friend asks, "How about the consumer?" In that particular case the consumer may have benefited for the time being, but, as we all know, the average department store will not continue to sell goods at a loss. We know that if a store, by price cutting, succeeds in cornering the business in a certain article it will soon bring the price back to the old level. I do not think that that price cutting will be of any benefit to the consumer in the long run.

As I was saying, the backlog of demand for durable merchandise has been met, and shelves are now stocked with large quantities of such merchandise. In fact, I think it can safely be said that big department stores as well as other retail stores have never carried such large inventories as at present. I remember reading a few days ago a newspaper article saying that stocks on hand were far greater this year than in any former year.

Canadians spent almost $8 billion in retail stores in 1949, the last year for which I have the record, and this was the eleventh consecutive year in which retail trade moved upward. About one-sixth of all Canadian expenditures on goods is made in food stores. The total estimated sales in food stores were $1,270 million, of which $300 million were spent in chain stores, which are recognized as an important medium of distribution in the food trade in Canada. Department stores are also large scale distribution organizations, and I think it is safe to say that only a small percentage of the popular lines carried by these stores are sold at maintained prices. The MacQuarrie Committee apparently were not very definite in their opinion on this matter, but I think they finally came to the conclusion that about 12 to 15 per cent of the sales by department stores come under this classification. I made an independent inquiry on more than one occasion with respect to this matter, and I venture the opinion that the articles of this class would not exceed 10 per cent of the total volume of sales.

Hon. Mr. Howden: Do fixed prices eliminate competition?

Hon. Mr. Isnor: I had intended to come to that point later, but I shall answer the question now. It is a fallacy to say that price fixing eliminates competition. One finds that competition between ten stores carrying goods at fixed prices is as keen as the competition between a similar number of stores selling unbranded articles with no fixed resale price. Does that answer the question?

Hon. Mr. Howden: I do not believe it does.

Hon. Mr. Isnor: It is my opinion that the competition among any ten retail stores which are selling under a resale policy is just as keen as competition among a similar number of stores which are not.

I return to the subject of chain stores, and by that I mean four or more stores operated under the same ownership, exclusive of department stores. These were represented by 6,800 chain store units, and constituted 18 per cent of all the retail trade in Canada.

Hon. Mr. Howden: I apologize for disturbing my friend again.

Hon. Mr. Isnor: You are not disturbing me.

Hon. Mr. Howden: If, for instance, each article was sold at one price all over the country, there would be no competition. Do you not think that a system of comparative prices is the basis of competition?

Hon. Mr. Isnor: I can answer that question by offering an illustration. If you look at tonight's *Ottawa Journal*, for instance, you will most likely see there an advertisement by a well-known shirt company, such as Tooke, or Cluett Peabody, who manufacture the Arrow product, or Forsythe or some other well known make. The average retail buyer will look over the articles of these various firms, and decide which is the best product. The fact that all may be sold at $3.95 does not, in my opinion, eliminate competition. A buyer might prefer the product of one firm because of quality, fit or size. That is the basis of competition, as far as the manufacturer is concerned. Another customer may have a preference for a large-body shirt, and one of the manufacturers I have mentioned may specialize in such a product. Naturally that buyer will buy shirts bearing that particular trade name, regardless of whether they are sold at the same price as other makes or not. On the other hand, a customer may prefer a slimmer-cut shirt, and a closer fitting collar. Competition is clearly shown by the selection by purchasers of the product of one particular manufacturer.

Hon. Mr. Stambaugh: Do you not think that if one brand of shirt was sold at $3.50 instead of $3.95, it would make a difference?

Hon. Mr. Isnor: I do not think it would make any difference, for most manufacturers talk quality rather than price. They sell honest goods at honest prices, and they operate as close to the margin as possible.

Hon. Mr. Stambaugh: Then why is it that when a store advertises goods at less than the usual price, there is a crowd at the store before the door is opened?

Hon. Mr. Isnor: They are not standard makes of products.

Hon. Mr. Stambaugh: Yes, but they sometimes advertise standard makes.

Hon. Mr. Isnor: I offer this observation, that it is a trait of human nature to do what my friend referred to. When a store advertises a shirt formerly sold at $3.95, for $1.95, the crowd naturally turns toward that store and for the time being a great many purchases will be made there; but when the buyers return home they may find their bargain is not what they expected it to be. It is altogether likely that they will find the shirt skimpy in some places, or that it is tight in the collar or has other defects.

Now I will deal directly with the general principle of resale price fixing. I do not believe that any action that may be taken, no matter what it is, will have much effect in so far as the over-all question of inflation or high prices is concerned. The abolition of price fixing may for a while—through sacrifice sales and price wars—result in lower prices to the consumer; but this situation will quickly stabilize itself and result in no actual saving to the consumer. Perhaps that will answer the question of my friend from St. Boniface (Hon. Mr. Howden).

Like others, I have every respect for the high standing of the gentlemen who compose the MacQuarrie Committee. But one must remember that the manufacturer and wholesaler, as well as the retailer, must depend for success on the giving of satisfactory service. I was pleased to hear the leader opposite (Hon. Mr. Haig) express that thought, for only by the giving of service can a man remain in business. The manufacturer, endeavours to produce an honest article at a reasonable price, and he spends considerable money in making his product known to the public, often through the medium of a brand name which denotes quality and value. This name is a safeguard to the consumer. The manufacturer then distributes his product through either a wholesaler or retailer, and in suggesting a resale price he is carrying out a policy which he believes is not only to his interest in maintaining the high standard of his product, but which also offers protection to both the retailer and the consumer.

There is no doubt in my mind that when a buyer sees a well-known brand on an article which has built up a reputation for quality, and on which the price is the same right across Canada, it inspires confidence; and, in 99 per cent of the cases I believe the branded article offers honest value and real protection, as compared with an unbranded article produced simply from the standpoint of price.

I wonder whether the MacQuarrie Committee, the Department of Justice or any branch of the government, could tell us exactly what percentage of merchandise sold by the manufacturer, wholesaler or retailer, is included in the price maintenance class. I venture to repeat my remark of a few moments ago, that not 10 per cent of the average sale of merchandise in any one centre in Canada comes under that heading. In view of this situation I again say that I question

the actual benefit to be derived by the consumer from the abolition of price maintenance.

In conclusion, honourable senators, I should like to thank those who interrupted me to ask questions and those who just listened to what I had to say and to offer concisely what I believe to be the arguments for and against a policy of price maintenance. I shall first enumerate the arguments opposed to the policy of resale price maintenance.

Firstly, those who oppose this policy claim that resale price maintenance eliminates competition. My reply to that argument is this: from my own practical retail experience over a period of forty years I have observed that the competition between stores handling lines which come under price maintenance is every bit as keen as the competition between stores who do not handle such lines.

I believe that this statement will be subscribed to by any practical and experienced retailer.

Secondly, one hears the argument that price maintenance has induced some retailers to enter manufacturing to maintain freedom of action. In reply to this I ask, what is wrong with a retailer manufacturing for himself if he desires to place his own product before the public? I do not think there is much to that contention.

Thirdly, it is said that the retail firm, when handling goods on a price-maintenance basis ceases to be a complete business enterprise. This is a fallacy, as the percentage of price maintenance goods handled by any one store is very small.

Lastly, it is asserted that price maintenance eliminates competition among the manufacturers. This is entirely erroneous, as is evident from the keen competition which exists among for instance well-known shirt manufacturers and hat makers. Every member of this chamber wears a hat, and when he thinks of hats he immediately thinks of one of the well-known and advertised brands, whether it be Stetson, Biltmore, Christie, or some other. When one goes into a store and sees a Stetson priced at $8.95 or $10.95 he knows that he is going to get value as far as price is concerned. All these firms have suggested price lists, but this does not prevent keen competition among them. And what I have said regarding particular lines applies equally to many other large lines I could mention.

These, then, are some reasons given against the policy of resale price maintenance.

On the other hand, strong arguments on behalf of price maintenance have been advanced by retailers all over the country, small and large, by manufacturers, wholesalers and others. It is interesting to note the types of individuals and interests presenting the case for maintenance as contrasted to those who are opposed to legislation. I do not want to draw any distinctions or comparisons in this connection: honourable gentlemen have read the report, and some of them heard the evidence before the committee. I think we can depend pretty well on the sound judgment of business men, that they are not going to advocate something which in the long run will be detrimental to trade.

On behalf of price maintenance, it is contended, as I have stated, that it does not eliminate competition, because price-maintained goods are still subjected to the competition of close substitutes by other manufacturers of similar products.

Secondly, price maintenance helps to keep the small independent retailer in business, and prevents a concentration of economic power in the retail field. It also provides an adequate profit margin for the small retailer.

Thirdly, as was mentioned by the leader of the opposition (Hon. Mr. Haig)—it limits the use of the "loss leader" device employed by large stores to attract more business and gradually eliminate rivals.

Fourthly, it keeps the big stores, which have complete control over their own brands, from extending their price-cutting to products also handled by the smaller dealers who do not have their own brands.

In the fifth place, to deprive the manufacturer or the outlets, particularly the small retail stores, of the right to fix prices is to permit dealers to charge the public much more than the manufacturer intended. This would apply particularly in times of scarcity.

Finally, price maintenance protects the consumer. This, I think, is important. It fixes fair prices and prevents the exploitation of the public through excessive prices. It establishes orderly marketing conditions, without which the public could not enjoy the benefits of mass production.

I have not dealt with this question on lines similar to those followed in the other house. I have endeavoured to approach the problem from an entirely different angle. I trust that the information I have placed before honourable senators, including those who will form part of the proposed joint committee, will be duly considered, and I shall be very pleased to discuss privately any detail which I may not have been able to present here as clearly as some of the speakers, notably the leader of the opposition, who preceded me, would have done.

For the reasons given, honourable senators, I favour the reference of this question to a committee, and I am very happy to find

that the personnel will include a representative and typical section of the membership of the Senate.

Hon. Thomas Reid: Honourable senators, until I heard the speech of the leader of the opposition (Hon. Mr. Haig) it was not my intention to say anything on this motion, but I feel that certain things he has said call for some comment, if not for an extended reply.

He began by drawing special attention to the fact that as long as he has been in public life and in this place, this is the first time that, after a subject of legislation has been announced in the Speech from the Throne, a special committee has been set up to investigate it. This year other matters with which committees are to deal have been included in the Speech from the Throne. After a commission had dealt with the subject of freight rates and the government had forecast legislation on the matter, a special committee to consider the matter was appointed.

Hon. Mr. Haig: But the government submitted a bill on that matter to the house, which read it the second time and then sent it to committee.

Hon. Mr. Reid: I know that, but I think I could cite many instances where, after subjects of legislation had been announced in the Speech from the Throne and certain steps had been taken by the government, a committee was set up to examine into the matter. Be that as it may, it is rather unfair to say that this proposal is so much "eye-wash" and that the government has no other purpose than to placate some section of the public. Not so very long ago the government was subjected to some criticism because it had not carried out promptly enough the recommendations of the Combines Commissioner. As we all know, this resulted in the resignation of that official. There is on the statute books a Combines Investigation Act under which the Combines Investigation Commissioner is carrying on continually inquiries with regard to combines and cartels; and after an investigation has been made, a report is presented to the government. Honourable senators may imagine what the public reaction would have been if, after the first report had been published, no action in respect of price fixing legislation had been taken. I said the other day that I hoped the Government was not "backing up". I do not believe it is. It is my conviction that, in view of the protests which have been made, and realizing that the subject must be considered from all points of view, it acted wisely in setting up this committee.

In years gone by I have heard merchants say, "My conscience would not allow me to charge more than 20 per cent", but I know of many instances today of merchants charging anywhere from 75 to 100 per cent. I have no business interest in this matter one way or the other, but speaking as one of the customers, and on their behalf, it is my belief that fixed prices are not based on efficiency; and there is no doubt in my mind that the average housewife feels that price fixing is a bad thing.

The speech to which we have just listened has shown how necessary it is to set up a committee to study this whole matter, but the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) only dealt with one phase of the situation. Let us take the case of articles manufactured in the United States and sold in Canada. The Canadian manufacturer who produces goods in this country on an assembly-line basis has only a home consuming public of about fourteen million, whereas in the United States the manufacturer of the same type of goods has a wonderful home market of some 165 million people. The American manufacturer usually does not have to look outside his own country in order to sell his articles. On the other hand, many articles imported from the United States, even allowing for customs duties and sales taxes, are sold here at a price far beyond anything the housewife in the United States has to pay for them. A member of parliament was lauded the other day when he advocated a return to free trade. Many of us agree with his sentiments, but while I believe in free trade I realize that we could not easily revert to a system of complete free trade without some disorganization of our economic system.

For many years I have been endeavouring to caution Canadians about the establishment of new systems, because, generally speaking, once a system is set up there is no getting rid of it. One of the most striking illustrations of this is what has happened during the past six years in Great Britain. It will be found that the Conservative government which is now in charge of the affairs of that country will be unable to turn back from the paths along which the Labour government had led the people of the British Isles during the past six years. During his election campaign Mr. Churchill did say that he would remove the steel industry from state ownership and give it back to private enterprise. At the same time the entire interests of the railways and coal mines in Great Britain are being looked after through a state-owned system, and the Conservative government will no doubt endeavour to continue along that path.

If we in this country do not watch price fixing, which has come upon us bit by bit, there will be no turning back from it. Is there any honourable senator who will say that free enterprise does not and should not

include free competition? While listening to the remarks of the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) I realized that there are two sides to every story. The fact remains, and I do not think even he will deny it, that when prices are set they are not set on the most efficient business basis.

Hon. Mr. Isnor: Yes they are, and that is the very point.

Hon. Mr. Reid: Here again I mention the question of quality. We have no standard of quality, and quality has a bearing on the question too.

Hon. Mr. Isnor: Very definitely.

Hon. Mr. Reid: When we talk about competition under price fixing we may be satisfied in our own minds that a clerk in one store is more courteous and efficient than a clerk in another store which sells the same goods and so patronize that store, but apart from this there is no competition. The articles, their brands and their prices are displayed in the windows of both stores, but that is all there is to it. On the other hand, the big stores offer a free delivery service for the same goods. The point is that the average consumer like myself is chiefly concerned with the price of goods, but has an eye, of course, on their quality.

Honourable senators, let me refer again to goods manufactured in the United States and sold in Canada. Here we find the customs regulations stacked against Canadian consumers. Let me give you an illustration. I am sure that many of you are familiar with the great firm of Sears Roebuck. A friend of mine ordered one of their refrigerators as advertised at a certain price in their catalogue, but when the refrigerator reached the border the Canadian customs officials claimed, "Oh, that is not the regular price". This Sears Roebuck catalogue displaying the store's various articles together with their prices had been sent out all across the country, so how could our customs officials possibly rule that my friend was not paying the regular price for his refrigerator? The officials put down an arbitrary price for the refrigerator, and my friend had to pay the added cost. He appealed this ruling but he lost the appeal.

Hon. Mr. Horner: The increased price might just have been for duty purposes, and he was really paying a higher price for the article itself.

Hon. Mr. Reid: He did not pay a higher price for the article, but he had to pay duty and a sales tax on the higher price set by the customs officials.

Hon. Mr. Isnor: Fair market value.

Hon. Mr. Reid: People get up and say that price fixing is fair to the public, but it depends on how you look at this, whether you are selling or buying. I remember making a speech in the House of Commons once about the high price we paid in Canada for automobiles back in 1936 as compared with the price paid for the same car manufactured and sold in the United States by the same company. No one will deny that the Ford Company of Canada and other companies are linked with the Ford Company of the United States. The price of those cars manufactured here and sold to our public, as compared with the price in the state of Washington, across the border, from B.C. would have enabled us to pay the employees of the Canadian company to stay at home, and for nothing, because at that time Canadians were paying $650 more than the Americans for the same make of car.

Hon. Mr. Horner: Yet you could not induce the Liberal government to reduce the tariff?

Hon. Mr. Reid: Once a system of fixing prices is established you may never get rid of it. I have heard people argue that a manufacturer is entitled to 35 per cent. Well, I only wish they would leave it at 35 per cent. And how is the figure of 35 per cent set? Is it set in the store that has only a limited number of customers or in a store which has many customers, such as the one in which the honourable senator who just sat down is interested? He has been very successful, and I compliment him on it, but he will never make me agree that free competition can exist where prices are fixed.

Honourable senators, I trust that the deliberations of this committee will bring about some remedy. I entirely disagree with the leader of the opposition (Hon. Mr. Haig) when he says it is just so much "eyewash" for the government to introduce this combines legislation. The honourable leader opposite doubted whether any senator received a protest. Well, I have received quite a number of letters, and they are all from consumers who eulogize the government for endeavouring to take this step.

Hon. Mr. Haig: The honourable gentleman is not quoting me correctly. I was referring to the time prior to the proposed introduction of the legislation.

Hon. Mr. Reid: Well, it is easily understood why nothing was heard from the public on the matter at that time. I doubt if there was any senator or member of parliament who knew that Mr. McGregor was investigating

fixed prices. I did not know, and if the leader of the opposition knew it, I would like him to say so now.

Hon. Mr. Haig: Prior to this matter being brought up in the Speech from the Throne why did not somebody protest to you or to me against fixed prices Everybody knows that this practice has been going on for forty years.

Hon. Mr. Reid: No, it has not been going on for forty years.

Hon. Mr. Haig: Oh, yes, it has.

Hon. Mr. Reid: It has not been carried on that long under the same conditions nor to the same extent that we find today.

My point is that the ordinary buying public was not, I think, aware that Mr. McGregor was investigating fixed retail prices. I simply wished to make this clear because of what the leader of the opposition said, and I will not detain the house longer at this time.

Hon. John J. Kinley: Honourable senators, I had hoped to adjourn the debate, for I am not prepared to discuss the resolution as I should wish to do; but I understand the acting leader (Hon. Mr. Hugessen) is eager to have the resolution passed today, so I shall say a few words. The resolution asks for the appointment of certain senators to constitute, with certain members of the House of Commons, a joint committee of both houses for the study of amendments to the Combines Investigation Act at this session. It seems to me very important that at a time like this members of parliament should investigate anything that has any considerable bearing upon the economic situation of our country. But having listened to discussions on price control, in the other house and here, and outside of parliament as well, I gather that there is no unanimity of opinion on the matter. It seems to me that in resisting up to this time any system of price control, the government has acted wisely, for nobody is sure just what the effect of the control would be. People who advocate it—as for instance, the CCF—propose the payment of subsidies to compensate producers and others who suffer losses because of the fixed prices for their goods. Well, if you do that, you are simply taking money from the general public to finance certain types of business, instead of letting those businesses stand on their own feet.

Another feature that I do not like about price control is the cost of administering it. The numerous officials required to do the necessary work in order to make the control effective have to be taken out of productive industry and made public servants, supported at public expense. Our already overcrowded civil service would be still further extended if we inaugurated a system of price control. After all, we need not criticize this country unduly because of prevailing high prices, for prices are high in other countries, and economic conditions are probably as good here as in any other country.

It is curious that though you sometimes hear people suggesting price control, they never want it to apply to the goods that they themselves produce. I said to a group of people down in my part of the country the other day: "Where would you start applying price control? Do you want to have the price of fish fixed?" They replied, "Oh, that would not be good". Similarly, the farmer feels that he is not being paid enough for his products and that their prices should not be controlled.

Hon. Mr. Haig: There are some controls in my province.

Hon. Mr. Kinley: The cost of labour is a big element in the price of all goods, so it would seem very difficult to fix prices unless wages also were fixed. But labour is opposed to this.

Complaints about high prices are heard on every hand, but we need to realize that one very important reason why we have them is that in recent years many new factors have entered into the cost of production. Take milk, for instance. I recall when the retail price was 6 cents a quart. Today the price is 20 cents, but the farmer does not get half of that. What accounts for the increased price? Well, for one thing, the law now insists upon pasteurization; deliveries are more expensive, help costs more.

Statutory requirements affect the cost of nearly all kinds of goods today. I have been in business, as a retailer and a manufacturer, for about fifty-five years, and I could tell some interesting stories about the ingenuity of men in business.

Hon. Mr. Reid: I bet you could.

Hon. Mr. Kinley: But I want to say that I believe that integrity in the commercial life of Canada as a whole is at a high level. As was said here, the average businessman of this country has a conscience. He knows that it is in his own interest as well as that of his customers to try to deal fairly. After all, the greatest asset that any businessman has is his reputation for fair dealing, for if he loses that, he will find the road more difficult.

I have heard considerable criticism of big business in Canada. Well, it is an interesting fact that no country which has not had big business has ever become outstanding and great. So long as big business serves the

people well it will prevail, and no longer. I agree that big business is apt to be selfish to a degree. It likes to carry on transactions in its own way; and if it is dealing with you it will set the terms, and there is very little you can do to change them. However, when that is said it still remains true that big business is usually progressive and efficient.

The resolution before us calls for the appointment of a joint committee to deal particularly with the policy of resale price maintenance, a policy which requires retailers to sell goods at prices indicated by the manufacturers. In a speech which he made in the other house on the 2nd of this month the Honourable the Minister of Justice said:

> The MacQuarrie committee has reached its conclusions and has made its recommendations which are—as honourable members who have read this report know—of a most specific character. The MacQuarrie committee has recommended in effect that the practice of resale price maintenance should be prohibited. Now, therefore, there is a specific and concrete proposal upon the record.

Now, honourable senators, one of the big problems with which we in this country are struggling is inflation. It seems to me that that is a global problem, and that discussion of any alleged iniquities in our commercial life will not do much to reduce our cost of living. This question of resale price maintenance has at least two sides to it, and some important implications. Our Patent Act gives an inventor monoply control over his invention for a period. He can fix the price at which his article is to be sold, but in so doing he would be going against the recommendation made in the MacQuarrie Committee's interim report. Our Patent Act is a piece of legislation that has merit. It offers an incentive to those who would go forward and create something, knowing that they will be rewarded for their effort and that their product will be protected. Our Excise Act has many effective regulations. For instance, no one can buy aspirin in the United States for consumption in this country. The same is true of the Parker fountain pens and Vaseline. The patent rights of the manufacturers are protected. Then one must not forget the 10 per cent sales tax. That levy on top of the sale price of certain goods amounts to quite an item. The Customs Act, with its many ramifications, has much to do with the price structure of goods in this and other countries.

I come now to the specific question of resale price maintenance. This is what happens. A manufacturer approaches a merchant to handle his product. He says, "This is my product, and I will allow you so much for handling it; you will sell it at a certain price and you will maintain that price". I cannot see that there would be any incentive for the manufacturer to allow more than a fair margin to the retailer. In all my experience I cannot recall an instance of a manufacturer giving a retailer more than a fair mark-up on protected goods. There are, of course, instances of goods being introduced on the market for the first time, and the merchant being asked to push the product. In those circumstances the manufacturer may offer a better than average mark-up in order to create a new market. But in the case of an established product, only a reasonable mark-up is allowed; the manufacturer is too anxious for business to allow more.

Honourable senators, what is to be gained by passing a law preventing a manufacturer from establishing a retail price for his goods? He is proud of his products, he wants them sold at certain fixed prices, not at slashed prices. What is wrong with that policy? The department store in this country is a great institution, and has been a far-reaching medium in general merchandising. It is said that the department store operator will slash the nationally advertised goods in order to attract people to his store. I believe that is in part true. The slashing of the price on one well-known article may cause people to think that he is selling generally cheaper than other stores. I do not say that he has that thought in mind, but his methods may have that effect. His big and quick turn-over contributes to the situation, and cannot be matched by the small retailers in the little places throughout the country. It must not be forgotten that in business one must first meet expenses; and after that the margin is mostly profit. The little man in the country is restricted in his turn-over, and thereby has a limited profit.

I call the attention of the house to the merchandising benefits enjoyed by department stores, say in Toronto and Montreal. Through their mail order business they deliver goods to country places in which they pay no provincial or municipal tax, as does the local merchant. The parcel post rates in Canada are very low, and this is an added advantage. Every householder has an Eaton's or a Simpson's catalogue, and the merchant in small towns is faced with the prices offered in those catalogues.

I am not much in favour of the control of prices generally, but it occurs to me that if they are to be controlled the government should start first with control of prices on goods used in defence production. These items are most important, and the real reason for inflation. There is a fundamental reason behind the problem of inflation. The explanation is simply this: lower production and higher consumption. We in this country are now living at a higher level than at any other time in our history; the purchasing

power of the people is at a peak; thousands of young men have been taken out of industry and put into the military forces; thousands more, who have remained in industry, are producing articles for defence purposes. The articles for use in domestic life are, therefore, restricted. It is natural that with the high employment we have today the purchasing power of the people should be equally high. The operation of the law of supply and demand is bound to push prices up. For my part, I have never known a period of good times with low prices. Within two or three years we may well look back at this day and conclude that our prices were not really so far out of line.

A short while ago the government undertook to restrict purchases of certain articles by enforcing credit regulations. The buyer of a new automobile had to pay down 50 per cent of the total cost. This caused agitation. The arrangement seems to be working out, for after all it seems reasonable to require such a down payment on new cars when there are many used cars available. The point is that it is difficult to satisfy everybody. The country is full of second-hand cars.

Now, a word or two about the standard of living. Ten years ago, few working men owned automobiles. Today the parking places around manufacturing plants are so crowded with workmen's cars that it is almost impossible to get near the factories. It is a splendid thing that our workmen should own cars: a more equal division of money enables everyone to share in the nation's prosperity. Under these conditions we should feel that after all we are not so badly off. From time to time spokesmen of labour tell us that because of the high cost of living the wages of the workers should be increased. I do not know that that argument is altogether complimentary to the labour movement. Unions have done a great deal for labour in this country; through their efforts labour today has attained a status it never had before. If conditions of austerity face this country, everybody should share them; it is not to be expected that the defence production program can be carried through without some inconvenience and somebody paying. Surely it is better that the cost be distributed among the people than that the Government should incur another huge burden of debt through subsidy and control expenses.

As I have said, I would have defence purchases controlled as far as possible. A firm with which I am closely associated received a contract for 100 furnaces for use at Goose Bay. The heating system had to be installed before the freeze-up, and it was intended that the furnaces should be sent on a boat which left last week. But although steel from Canadian manufacturers was coming in on an allotment basis,—so much every few months, at about 6 cents per pound—and the contract, after all, was a defence job—none was available for this purpose. Soon afterwards the firm were informed that they could buy all the steel they wanted at 12 cents per pound. The company did not like the idea of encouraging deals of that kind. They looked into it further and found that the steel offered them was imported from European countries, that it cost the suppliers a great deal more than 6 cents per pound, that if the company did not take this steel they would not get any at all. I suggest that the fact that the Canadian manufacturers are selling steel at 6 cents a pound is a credit to the country's steel corporations. They may well be proud of the fact that they have not taken advantage of the present scarcity to unduly raise their prices.

Hon. Mr. Horner: If they were doing this defence work on a cost-plus basis, the more they paid for the steel the more money they would make.

Hon. Mr. Kinley: I can assure my honourable friend that this contract was not on a cost-plus basis. The company was a subcontractor for another contractor who required a firm tender, but an additional $20 per furnace was charged because of the increase in the cost of steel.

I believe that the government should go slowly and be thoroughly informed on the question of abolishing price maintenance as between the manufacturer and the retailer. Pricing arrangements have salutory effects on business. They stabilize things; they make secure to a degree a certain margin of profit. I venture the statement that the over-all mark-up of a departmental store is just as high as the over-all mark-up of many of the smaller stores in this country. The large stores do not do business on a small margin. They are merchandisers, and good ones. Their advertisements are attractive; they carry a wide range of goods, which assures them of an extensive business from people all over the country; whereas the little man who serves a small district must be prepared to take—and make—what he can, and support his community in taxes and services.

The Canadian Pacific Railway has been complaining recently that the existing high income tax is hurting it by reducing its net earnings. This seems strange. I want to tell honourable senators that the income and business taxes are also hurting the little merchant; his living costs have increased, and

he cannot lay anything away to fortify himself against the future. Business enterprise is affected in other ways. The businessman needs capital. Borrowing it from the bank increases his costs, and he is allowed no hidden reserves. The fact that his surplus is so largely absorbed by income tax restricts him to a position where he cannot develop as he should. I am not complaining about that, because the money is needed for the defence of the country.

We are living in troublesome times. We are told that we must face austerity and carry on without some things to which we have become accustomed. Up to date most of our troubles have been troubles of abundance. Is it fair to argue that the government has failed because it has not imposed price restrictions? I was amused at the suggestion of the leader of the opposition (Hon. Mr. Haig), and referred to by the honourable senator from New Westminster (Hon. Mr. Reid), that the government, having announced in the Speech from the Throne that it would do certain things, should not afterwards have set up a committee to investigate the subject on which it proposed to legislate. It seems to me that that course is an example of democracy at its best. The government is ready to listen to those who represent the views of the people. Business organizations asked to be heard on these important matters, and the committee will function for the purpose, and will hear them. That, it seems to me, is the right attitude and I compliment the Government for going slowly on a matter about which none of us know too much.

Some Hon. Senators: Hear, hear.

Hon. Calvert C. Pratt: Honourable senators, I shall not detain the house for long, but I should like to pass a few remarks on the subject of the debate today. I am keeping an open mind on this subject, but I do not see from reading the MacQuarrie report that price fixing as between the individual manufacturer, the retailer and the consumer has any great effect on the cost of living in this country. Furthermore, I do not see that a case has been made out that there is injustice or evil—I do not think this term is used in the report—in this business practice. I judge that the purpose of legislation such as may be contemplated is to preserve a balance of fair and equitable treatment as between the manufacturers, the distributors, and the consumers; in the words of the MacQuarrie report, " . . . . for the encouraging and safeguarding of our free economy". From this point of view there is nothing more valuable our government can do to bring in measures that will effect a real safeguard.

On the other hand, I am not at all certain that the implications of the report are so far-reaching as to really call for a study of combines legislation with that particular issue in mind. In dealing with legislation of this type the first consideration should be fair treatment to the consumer. He is the ultimate buyer and sets the basis for our whole system of trade. I imagine that the practice of price fixing by individual suppliers, which does not apply right across the line but only here and there, and which perhaps has become a little more prevalent in recent years, originated as a measure of consumer protection, and is no less important because it was not motivated by any idealistic thought or feeling entertained by the manufacturer for the consumer. It started, I should think, from sound common-sense business practices. After all, no manufacturer desires to have his goods priced out of the range of the consumer. That is always the danger in times of scarcity; but competition will take care of this situation in times of ample supply, when the great urge of the manufacturer is to set up a demand for his goods. The fact that the manufacturer has to maintain a demand for his goods is a direct protection to the consumer. As I look at it, the manufacturer must not neglect the distributor or retailer, but he must keep two eyes and a full gaze on the consumer.

Another point which occurs to me, arising out of my experience in business, is that when a manufacturer puts out a new line of goods he has to create a public demand for them, and so he spends a lot of money on advertising. When the demand is created and the consumer reaches out for those goods, there is a greater opportunity for the retailer to edge up his price if no control is exercised. He is thus cashing in unduly on the initiative and the advertising expense of the manufacturer. The best practices in the world suffer from abuses which have to be dealt with, and although I do not know whether abuses exist to any great extent in this instance, I understand that the principle of fixing prices down the line between the manufacturer and the consumer is to safeguard the manufacturer's interest at consumer level and thus get maximum distribution. I have seen cases where goods, as the result of advertising and attractiveness, have created a small public demand, and manufacturers have deliberately held down the price on those goods for no other purpose than to stimulate the demand for them.

That is one angle and there are many others.

Honourable senators, I am keeping an open mind on this whole issue. There may be implications that I do not know about, and I think it is very wise that this matter be placed before a joint committee of both houses of parliament. It will give us an opportunity to get the views of interested parties and learn what it is all about; but I do not think for a moment that the mere principle of price fixing as between the manufacturer, the wholesaler and the retailer down to the consumer, should be condemned without study. I think there is a safeguard for the consumer. We have legislation which prevents the manufacturers from combining on these things. If we did not have this protection the situation could be very dangerous; but when we have that I do not see that the principle of price fixing is wrong. As I said previously, however, the best practices in the world sometimes suffer from abuse, and perhaps at this time there are abuses which call for correction. I do not know.

Some Hon. Senators: Hear, hear.

Hon. G. P. Campbell: Honourable senators, if I may ask the indulgence of the house for a few moments, I should like to make some observations with respect to the resolution before honourable senators. I join with other speakers in complimenting the government on their decision to refer this very important matter to a joint committee of the two houses of parliament.

Honourable senators will note that the report that is to be considered before this committee is an interim report of the committee appointed to study combines legislation. I gather, this being an interim report, that the studies of the MacQuarrie committee have not been fully completed with respect to the proposed amendments to the combines legislation and that the only matter to be considered by the joint committee will be the proposed legislation to prevent the fixing by manufacturers of minimum prices to which retailers must adhere.

It may be that some of our discussion this afternoon has gone a little beyond the limits of the resolution, and therefore not been quite in order; but with leave of the house I should like to make a few observations on the matter of resale price maintenance. I have said that I think the government was wise in referring a matter of this kind to a joint committee of both houses instead of first acting upon the recommendations in the interim report and bringing down legislation, and having it referred to a committee and railroaded through without giving the public an opportunity to be heard. Personally I have always felt that the best judges of how a matter such as this should be handled are the people's representatives in both houses of parliament. If I may be permitted to say so, long before I was appointed to the Senate I appeared in a professional capacity before committees of both houses on numerous occasions and thus was able to observe the care with which they approached subject-matters referred to them for study. In the days when this honourable body was more evenly divided politically than it is now its committees studied legislation just as carefully as they do at present, and in several instances the representations which I was permitted to bring before them resulted in government legislation being changed and passed by both houses in its amended form.

I hope that the joint committee will not be too greatly influenced by the findings which the MacQuarrie Committee has made in its interim report. I also hope that the committee will make it possible for industries, organizations and individuals to appear, if necessary through counsel, to set forth their views on the proposed changes in the combines legislation.

Like the leader of the opposition (Hon. Mr. Haig), I frankly say that I do not see the need for the proposed changes at the present time. The Combines Investigation Act provides a pretty effective means of preventing any group from getting together and fixing prices in a way which would have an adverse effect upon the public. The proposed amendment to the law is not intended to prevent people from combining to influence prices, but simply to prevent manufacturers from fixing minimum prices for the sale of their products by their own distributors or through the ordinary retail outlets. Now, honourable senators, if we consider the matter for just a minute or so we shall realize that in most of these cases, if not in all, competition is not eliminated. By way of illustration, I will mention household electrical appliances, which are manufactured by a large number of companies in Canada. I do not know whether the manufacturers in that field fix retail prices, for one feature that I find lacking in the MacQuarrie report is a schedule showing specifically the fields in which retail price maintenance is alleged to be in effect. But let us assume for the sake of argument that it is in effect in the electrical appliances field. In that event retail distributors throughout the whole country will be notified of the minimum prices at which various goods may be sold in their localities. But in every one of those localities, in every city, town and village across the country, it will be found that similar

articles manufactured by different companies are available to the consuming public, and so there is the keenest of competition.

Hon. Mr. MacLennan: I wonder if there really is competition.

Hon. Mr. Campbell: My honourable friend says he wonders if there is competition. If he thinks there is not, he assumes that there is a combine between manufacturers to maintain certain prices. But if that situation exists there is adequate statutory machinery to deal with it.

Hon. Mr. MacLennan: I am not saying there is necessarily a combine, but by fixing minimum prices manufacturers could achieve the same result as if they had a combine.

Hon. Mr. Campbell: With all respect, I submit that there is competition. To prove that, all you need to do is to inquire about the prices of refrigerators—a Frigidaire or General Electric or Admiral, or any other make—and you will find that dealers will quote different prices for different makes and compare their respective advantages. It is common knowledge in every trade that manufacturers endeavour to produce their articles on a quality basis, advertise them nationally, get them into the hands of distributors and, through them, into the hands of the consuming public, at a fair price, a competitive price. That system has been in effect in Canada, the United States, Great Britain and many other countries for a long number of years, and has been recognized as good trade practice.

In the United States legislation was passed to prevent retail price fixing, but that legislation did not go as far as what is proposed here. A manufacturer over there is not allowed to fix retail prices, but if a merchant enters into a contract to sell an article at not less than a certain price, and later breaks that contract by selling at a lower price, the manufacturer is not compelled by law to fill further orders from that merchant.

I referred to the electrical appliances field simply by way of illustration, but I think that the toothpaste field, mentioned by the leader of the opposition (Hon. Mr. Haig), is as good as any for the purpose. We all realize that many different types of toothpaste are available to the public and that if a manufacturer attempted to maintain a minimum retail price consumers could purchase the product of a competing manufacturer. I submit, with all respect, that there still is competition among the best manufacturers—

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Campbell: —and there still is quite a difference in prices.

I do not wish to take up the time of honourable senators by discussing particular problems, but I want to say that it is most fortunate that the public on the one hand and the manufacturers, distributors and retailers on the other, are to have an opportunity of appearing before a joint committee to develop their cases and to submit arguments for and against the proposed legislation. It is, however, unfortunate that the whole combines legislation is not now being referred to a joint committee of both houses of parliament. That legislation is, I am sure, badly in need of revision, but it should be revised only after careful consideration by a joint committee of the houses of parliament. I am quite sure that many people who will be affected by the proposed legislation, if it passes, did not appear before the MacQuarrie Committee. They may have submitted briefs to that body, but I am convinced that they never for a moment considered that the government had any thought of passing legislation to prohibit price fixing by manufacturers. In that respect I feel that the full story of the manufacturers, distributors and retailers has not been told before the MacQuarrie Committee.

It is regrettable that this subject should come before a joint committee of parliament during this short session. If time does not permit the full hearing of all representations, I hope the committee will defer its report until a later date, and then perhaps a broader investigation into the whole combines act legislation can take place at a subsequent session of parliament.

Hon. Mr. Reid: Would the honourable senator allow me a question? He mentioned particularly price fixing by manufacturers. Are there not many cases, known to most of us, of price fixing by wholesalers who import manufactured products?

Hon. Mr. Campbell: If the honourable senator has reference to an agreement on the part of the wholesaler to fix prices on imported goods, that may be true, but I am not aware of it. If my honourable friend's question has to do with that situation, the present legislation is broad enough to prevent it. Such an agreement would be regarded as a combine operating in the restraint of trade, and could be dealt with under the present provisions of the Combines Investigation Act.

Hon. A. K. Hugessen: Honourable senators, I have only a few words to say in closing the debate. First, I should like to thank the house for the manner in which it has treated the resolution which I had the honour of submitting yesterday afternoon. As far as I can recall, no speaker this afternoon has objected to the resolution; I think it is practically common ground between us, that it is

wise that this question be submitted for consideration by a joint committee of both houses. One's view on that has been very considerably reinforced by the tenor of the debate which has taken place this afternoon.

Obviously, this is a difficult question, and there is more than one side to it. It is well in our democratic system, therefore before a proposal which will have a considerable effect upon many classes of our population becomes law, that there should be full and free opportunity given to everybody to appear before their representatives in parliament and submit their views with respect to the proposed legislation. This is just what this resolution proposes.

I was very much interested, as I always am, in the remarks of the leader opposite (Hon. Mr. Haig). The only criticism I would offer is that in his enthusiasm he accused the government of "humbug" in introducing this resolution. Now, I do not think that accusation can stand up in view of the circumstances of the case. By unanimous consent of all parties in the other house, and I think particularly at the instigation of the members of the party to which my friend belongs, the Minister of Justice more than a year ago set up a committee known now as the MacQuarrie Committee to make investigations as to the manner in which the Combines Investigation Act could and ought to be amended. The committee sat for more than a year, and just before the opening of the present session of parliament it produced an interim report containing a specific recommendation with respect to resale price maintenance. In the face of that unanimous report of the committee the government would, I think, be negligent in its duty if it did not submit to parliament at the earliest possible moment legislation for the purpose of implementing the recommendation the report contains.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Hugessen: There has been a good deal of discussion this afternoon as to the merits of the report. Personally, I could not enter into that argumentation for unlike some honourable senators who are in business and know a great deal more about the subject than I do, I do not feel qualified to speak on it. But I do, as I have said, rather resent the suggestion that the government, because it has attempted to implement the MacQuarrie report at this session, should be accused of humbug. That, I think, is not an accusation which should be made against the government.

Hon. Mr. Kinley: Has the legislation been introduced?

Hon. Mr. Hugessen: The matter was referred to in the Speech from the Throne, and the legislation is presumably to come out of the report of the joint committee which is now being set up.

I have nothing further to add. I do not feel that I can take any part in discussing the merits or demerits of the proposed legislation. That, after all, will be the function of the joint committee. I am certain that the members whom we will appoint by this resolution will do an excellent job, and that they will take into serious account all the representations made to them by the various interests likely to be affected.

Hon. Mr. Horner: Honourable senators, just one word. When the leader on this side (Hon. Mr. Haig) used the word "humbug", he was referring to an impression—which seems to be shared by the honourable senator from New Westminster (Hon. Mr. Reid)—that the committee is to deal with the entire question of combines. That is not so. It is limited to one question.

Hon. Mr. Turgeon: The interim report.

Hon. Mr. Horner: Well, it seems passing strange that, after the committee appointed to study combines legislation has sat eighteen months, this joint committee cannot be placed in a position where it can deal with combines legislation in its entirety.

Hon. Mr. Hugessen: I tried to explain that point yesterday in my reply to the honourable member for New Westminster. The only reason why the committee is being restricted to this particular aspect of the Combines Investigation Act is because that is the only aspect of it upon which the inquiry committee has yet reported.

Hon. Mr. Horner: I know, but I am complaining of the delay.

The motion was agreed to.

The Senate adjourned until Tuesday, November 13, at 8 p.m.

THE SENATE

Tuesday, November 13, 1951

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

Prayers and routine proceedings.

OLD AGE SECURITY BILL

FIRST READING

A message was received from the House of Commons with Bill 13, the Old Age Security Act.

The bill was read the first time.

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

Hon. Mr. Robertson: With leave of the Senate, tomorrow.

COMBINES LEGISLATION

FIRST REPORT OF JOINT COMMITTEE

Hon. A. L. Beaubien presented and moved concurrence in the first report of the Joint Committee of the Senate and the House of Commons on combines legislation.

The report was read by the Clerk Assistant as follows:

Your Committee recommends:

1. That ten of its members constitute a quorum.
2. That the committee be empowered to retain the services of counsel.

All of which is respectfully submitted.

The motion was agreed to.

INDIANS IN BRITISH COLUMBIA

INQUIRY

Hon. Mr. Reid inquired of the government:

1. Has the Dominion Government received an application under the present Indian legislation from the provincial government of British Columbia to allow Indians in that province the same rights in beer parlours as other Canadians.

2. Has any decision been reached on the matter of such an application, and if so, what decision has been reached?

Hon. Wishart McL. Robertson: The answer is as follows:

1. No.

2. Answered by No. 1.

CANADIAN PACIFIC RAILWAY FINANCING

ORDER FOR RETURN

Hon. Mr. Ross inquired of the government:

1. When the railways apply to the Board of Transport Commissioners for increased freight rates does the Canadian Pacific Railway Company take the stand that their railway system should earn enough to enable them to pay (a) operating expenses; (b) maintenance replacements, upkeep and repairs; (c) a fair return to the shareholders on capital?

2. If so, on what amount of capital?

3. How is the amount arrived at?

4. Is it the amount actually invested in their railway system?

5. Or is it a valuation of their railways?

6. If the latter (a) when was the valuation made; (b) by whom was it made?

7. What is included in their railway system on which they ask a fair return for their shareholders?

8. Are all railway stations or depots included?

9. Are all stock yards included?

10. Are all stock yards and all interest of the Canadian Pacific Railway Company operating stock yards along the railways included?

11. If not, at what places are such stock yards located?

12. Is the interest of the Canadian Pacific Railway Company in any railways outside of Canada included in their railway system for which the company asks for a reasonable return for their shareholders?

13. Are telegraph lines along railways of the Canadian Pacific Railway system included?

14. Are telephone lines along railways of the Canadian Pacific Railway system included?

15. Are ships on the Great Lakes included?

16. Are ships on the seas included?

17. Are the hotels owned by the company included?

18. Are all repair shops included?

19. Are all branch lines of the railway included?

20. Are returns from the Consolidated Mining and Smelting plant at Trail, B.C. included?

21. Are returns from the ammonia plant at Calgary included?

22. Is the cost or value of the railway which was built and given to the Canadian Pacific Railway Company by Canada after they got their franchise to build a railway across Canada included in the capital on which the company asks for a fair return for its shareholders?

23. Are any of the gifts of cash which the Canadian Pacific Railway Company received from Canada included?

24. If they are included, what are they?

25. Is the value of the lands given by Canada to the Canadian Pacific Railway Company included?

26. If so, what value was placed on the lands?

27. Are any gifts made by any of the provinces or by any municipalities in Canada included?

28. If so, give particulars.

29. If the Canadian Pacific Railway Company receives a share of the subsidy of $7 million referred to in the bill now before parliament to bridge the non-profitable gap between its eastern and western lines (a) will it reduce passenger or freight rates over that gap; (b) if not, what will it do for its share of the $7 million; (c) in what way will this gift to the Canadian Pacific Railway Company be reflected so that the public may know what use is being made of it; (d) how will this gift differ from any other general subsidy given to the Canadian Pacific Railway Company without defining any purpose; (e) what is the estimated loss on this gap in each of the past 15 years?

30. Did Canada expend $309,436,552 in 1948 for maintenance of right of way, structures, and equipment for steam railways?

31. How much of the moneys so expended in 1948 were received by the Canadian Pacific Railway Company?

32. What other subsidies or gifts has the Canadian Pacific Railway Company received in the last 20 years?

33. What is the total amount of subsidies or gifts received by the Canadian Pacific Railway Company from Canada since the incorporation of the Canadian Pacific Railway Company?

Hon. Mr. Robertson: Stand as an Order for Return.

The inquiry was passed as an Order for Return.

WHALING CONVENTION BILL

SECOND READING

Hon. Thomas Reid moved the second reading of Bill B, an Act to implement the International Convention for the Regulation of Whaling.

He said: Honourable senators, before dealing with the bill itself, may I take a minute or two to explain the reasons which make a measure of this kind desirable.

It may interest honourable senators to know that for many years there has been grave concern over depletion of the world stocks of whales, and attempts have been made by the interested countries to bring about an international agreement for the regulation of whaling. One of the first international conferences was held at Geneva in 1931, and resulted in what was termed the Geneva Convention. Subsequent agreements and protocols were concluded at London in 1937, 1938, 1944, 1945 and 1946. Because these various agreements and protocols were for short terms only, there was no continuing method by which whaling operations throughout the world could be regulated by international arrangement. Consequently, in December 1946 a further conference was held in Washington. This resulted in the present International Convention for the Regulation of Whaling. At this conference there were present representatives of the governments of the following seventeen countries: Argentina, Australia, Brazil, Canada, Chile, Denmark, France, The Netherlands, New Zealand, Norway, Peru, USSR, the United Kingdom, the United States, Iceland, Portugal, Sweden and the Union of South Africa. Since then the convention has been ratified by thirteen of the countries which were present at that meeting. The International Whaling Commission, established under the convention, held its first meeting in London in 1949; the second at Oslo, Norway, in 1950, and the third at Capetown, South Africa, during this past summer.

The oil produced from whales is an important product and is used extensively for edible food purposes, while the meat is used for animal stock-feeding purposes. In the 1950-51 season the world production of whale oil amounted to 2,305,187 barrels as compared to 2,165,505 barrels in the previous year. The Antarctic is by far the largest whale-catching area, and during the whaling season of 1950-51 the pelagic expedition to the Antarctic included 19 factory ships and 241 whale catchers.

I would point out to honourable senators that under the convention 16,000 blue whales may be killed in one year, and last year some 16,413 were killed to produce food and oil. The average length of these whales ran from 70 to 90 feet, and their average weight was from 75 to 90 tons. The total whale meat in a season runs to 1,200,000 tons. While the use of whale meat as a food has been held in great derision, those who have had experience over many years point out that one of the reasons why whale meat has never been presented favourably to the consuming public is the method of killing whales, which takes anything from four to twelve hours. It is not my purpose to compare whale meat with beef, but if it took as long to kill a cow as it does a whale, beef would be just as tasteless and abhorrent as whale meat.

In Canada, from about 1918 until Newfoundland came into the union, whaling operations were chiefly confined to British Columbia waters. In 1948 the industry was revived in British Columbia, and has continued since with increasing success. It should be noted, however, that whaling operations have been carried on successfully in Newfoundland for many years. Since that island became a Canadian province Canada has had four whaling plants in operation: two in Newfoundland, one in Labrador and one in British Columbia. The number of whales taken and the marketed value of the products produced in Canada for the past three years are as follows:

Year	No. of whales	Total marketed value $
1948	993	2,546,370
1949	835	1,462,183
1950	799	1,514,311

Canada became a signatory to the International Convention for the Regulation of Whaling, drawn up at an international conference held in Washington, D.C., in November 1946. The convention was ratified by the Parliament of Canada by joint resolution of the two houses in the session of 1948. At the time of ratification no implementing legislation was deemed necessary, there being then no established whaling industry in Canada. Since that time, however, the situation has changed. With the coming of Newfoundland into confederation in 1949, the government acquired the responsibility of carrying out the terms of the convention in respect of the existing whaling industry

in that province. Also, since then, a thriving whaling industry has come into being in British Columbia. The government is now faced with the responsibility of carrying out fully the regulations adopted from time to time by the International Whaling Committee, on which Canada is represented by a commissioner. The present commissioner designated to represent this country is Mr. George Clark, Assistant Deputy Minister of Fisheries. Under the bill now introduced the government would acquire the necessary statutory authority to carry out Canada's obligations under the convention.

Of particular import in the bill are the clauses dealing with the licensing of whale catchers and factory ships. It will be noted that under section 3 an offence will be committed if the owner or charterer of a whale catcher or factory ship fails to secure a licence. It is only by a system of licensing that the necessary regulation and control for the protection of whaling stocks can be exercised.

Section 7 provides penalties for offences committed under sections 3 to 5.

Section 6 makes provision for granting authority to the Governor in Council to make regulations for the carrying out of and giving effect to the provisions of the convention and any regulations and recommendations of the International Whaling Commission. Also it should be noted that under this section regulations can be made to permit native Indians and Eskimos to engage in whaling or whale treating without being bound by the provisions of the convention or the regulations.

With the passing of the bill it will be necessary to repeal section 9 of the Fisheries Act, 1932, and this is provided for in section 10 of the bill.

The International Whaling Commission determines its regulations on the basis of scientific information furnished by the member countries. Continuing biological and technological information is made available, and it is considered that only by international agreement can the world stocks of whales be protected against depletion and the existing population maintained and increased.

With the increase in Canada's interest in whaling operations it is considered necessary and desirable now to give the government statutory authority to carry out the obligations assumed by Canada under the International Commission for the Regulation of Whaling. It is for this purpose that the present bill has been introduced.

Hon. Mr. Haig: May I ask the honourable gentleman a question? The bill does not apply to the province of Manitoba, does it?

Hon. Mr. Reid: Well, I do not know. It applies to all provinces, but any whaling done in Manitoba does not really come under the terms of the convention. That is, certain kinds of whales are designated not as whales but as porpoises. My honourable friend may be referring to the Manitoba company that operates in Churchill Bay. That company is not catching whales within the meaning of the convention, and so does not come under this bill.

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

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

Hon. Mr. Robertson: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, November 14, 1951

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

Prayers and routine proceedings.

WHALING CONVENTION BILL

THIRD READING

On the Order:

Third reading of Bill B, An Act to implement the International Convention for the Regulation of Whaling.

Hon. Mr. Robertson: Before the third reading of this bill is moved, may I mention that yesterday I neglected to ask the house if it were the wish of any honourable senator that this bill be sent to committee. If it is so desired, I shall be glad to facilitate its reference to committee; otherwise the third reading can now be proceeded with.

Hon. Mr. Haig: The honourable member from New Westminster (Hon. Mr. Reid) made such a fine explanation of the bill that I do not think anybody wants any further information.

Hon. Mr. Robertson: I move third reading of the bill.

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

OLD AGE SECURITY BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 13, an Act to provide for Old Age Security.

He said: Honourable senators, the purpose of the legislation that is before us is, in general terms, familiar to all honourable members of this house. In essence, it seeks to provide a pension of $40 per month to all Canadians who have reached the age of seventy, or, in the words of the parliamentary committee whose report was laid before parliament in June of last year, it is "a universal pay-as-you-go program applicable to all persons seventy years of age and over, based on the contributory principle and administered by the federal government. The benefit should be a flat, uniform amount of $40 a month for all eligible persons, and eligibility should be based solely on age and a suitable residence qualification".

May I say a few words regarding the background of this legislation before reviewing in any greater detail any of its provisions? The bill which is before us may be said to represent the culmination of a quarter-century of public concern and governmental action and planning with respect to the needs of our senior citizens. This quarter-century has seen the birth, growth and development of a comprehensive social security program for all Canadians—the Unemployment Insurance Act, the Family Allowance Act, the Veterans' Charter, the national health program, and other additions and extensions to the health and welfare services provided at public expense by and for the people of Canada.

These great developments were a certain sign of the times. They were the inevitable response to a growing awareness of social need among our people, to an increasing acceptance of the principles of social justice, and to a growing sense of social responsibility on the part of Canadians, in common with like-minded people in other progressive, democratic countries throughout the world. This is a record of achievement of which we may be justifiably proud; but I believe the legislation before us today is the most practical and comprehensive approach to the problem of social need among our older citizens that this country or indeed any other country has yet devised—and I say "practical and comprehensive" advisedly.

We all know that there is no magic formula for social security. It can be provided only through work. Social security must be paid for out of production. The country's citizens themselves, through their own hard work, provide their governments with the financial resources to maintain social services. Each new social measure must be appraised in the light of the need for it and the capacity of Canadian income earners to carry the added responsibility. To overburden our working force endangers the stability of our economy, which provides the primary basic security that individual social measures can only serve to reinforce. But while each social measure takes from production, it gives something in return. Since it invests some of the wealth of the nation in its own citizens, a responsible, sensible program of social security can help to raise their levels of health and living standards, and just as important, to maintain their faith in our form of society and in its integrity. This legislation has taken these considerations fully into account. Surely no social problem was ever more carefully scrutinized than was this problem of old age security by the all-party parliamentary committee established to study it in 1950. The fact that after detailed study all parties, and subsequently all provincial governments, rallied unanimously to the support of the universal no means-test pension plan originally put forward by the federal government

at the time of the Dominion-Provincial Conference in August 1945 is, I would venture to say, the most emphatic endorsement that any legislative proposal could hope to have.

Let me sketch briefly the record of achievement in the old age security field that has resulted from a quarter of a century of working of the Old Age Pensions Act, which it is proposed the present Act shall supersede. In the past twenty-five years, over 800,000 Canadians have benefited under the Old Age Pensions Act. By the time that Act is repealed at the end of this year, joint federal and provincial expenditures for old age pensions in Canada will have reached a total of $1,136 million. Of this sum, federal expenditures will exceed $836 million. In the last two decades the number of pensioners has increased more than five-fold—from 63,000 in September, 1931, to more than 320,000 at the end of September, 1951. The annual rate of expenditure under the Old Age Pensions Act has more than trebled in the last seven years—from $45 million in 1943-44 to $137 million in 1950-51, a figure which includes federal and provincial expenditures combined. For the calendar year 1951, the last year in which the Old Age Pensions Act will be in operation, federal and provincial expenditures will amount to more than $141 million. Thus it will be seen that even within the framework of the existing Act an impressive contribution has been made to the cause of old age security.

Yet the government has become concerned in recent years about two aspects of the present system. First, the burden of old age pensions has shown a rapid increase in recent years, and second, there has been a growing feeling that the present system inevitably places a penalty on thrift. The belief has been growing that some other system should be found, embodying the principle of special contributions to a fund created for the purpose, that would ensure for our aged people in their later years a measure of social protection consistent with dignity and self-respect, and without invidious distinction or discrimination.

Under the present system, those who save for their old age or who benefit in some degree from industrial or other pension plan are in part or wholly excluded by the means test from receiving benefits through old age pensions. At the same time, in addition to those who have been unable, for one reason or another, to save or to continue to earn their living, others who receive full benefit have made little effort to provide for their later years. Under a plan involving the feature of contributions, the people as a whole are able to contribute to a special fund established for the purpose, out of which their pensions will be provided.

It was pointed out in the 1945 proposals which the federal government made to the provinces with respect to fiscal and social security matters, that the means test should be eliminated after the age of seventy, as it is regarded as unsuitable for the oldest group in the community, the great majority of whom are unable to support themselves in remunerative work. The broad social objectives outlined in 1945 by the federal government have remained in the forefront of its thinking and planning: witness the close resemblance between the old age security proposals set forth by the federal government in 1945 and those which we have embodied in the Old Age Assistance Act and the Blind Persons Act passed last session, and in the Old Age Security Act which is before us.

I should like now, honourable senators, to outline briefly the principal features of this legislation. Consistent with the parliamentary committee's recommendations, this legislation will provide that the age of eligibility for universal benefit is seventy years, and that the only qualifying requirement is a reasonable period of residence in Canada. Benefits will be payable to aged Indians and Eskimos on exactly the same basis as to other persons. Retired employees of industrial or commercial corporations, or of municipal, provincial and federal governments, and retired missionaries and members of the clergy or of the religious orders will all be included. Similarly, disability pensioners and recipients of war veterans allowances will be eligible to apply. The benefit to be paid will be at a flat uniform rate for all, $40 a month. Benefits will in all cases be provided as a matter of right, without any form of means test. There will be no provision of any kind for subsequent recovery out of the estate of a deceased pensioner, nor for any liens to be placed against his property. The program will be administered exclusively by the federal government and will be its exclusive financial responsibility.

It is estimated that the cost to the federal government in the first year of operation of the Old Age Security Act will amount to roughly $330 million, with the number of beneficiaries rising from 700,000 in January 1952 to 730,000 in December of the same year. In addition, it is estimated that the federal share of old age assistance payments to 145,000 persons aged from 65 to 69 will amount to $32 million in 1952, and that the federal share of allowances to 8,000 blind

persons will amount to $3 million. In other words, the estimated total federal expenditures in 1952 under these three enactments replacing the existing Old Age Pension Act, will be about $365 million.

The program will be financed on a "pay-as-you-go" basis; that is to say, sufficient funds will be provided each year by special contributions and ear-marked taxes, as recommended by the committee, to pay the cost of pensions for that year. A special fund will be established—to be known as the Old Age Security Fund—out of which the pension payments will be made. The most intensive study has been given to alternative financing plans, but the government believes that the adoption of a program of the kind that I have outlined, will provide the simplest, most clear-cut and equitable plan for old age security. As to the ear-marked taxes which will finance this scheme, it seemed most reasonable to utilize the main taxes which at present support our revenue system, namely, the sales tax, the individual income tax and the corporation tax. It is proposed that the Old Age Security Act shall impose taxes of three kinds: a 2 per cent sales tax, a 2 per cent personal income tax, and a 2 per cent tax on corporation profits.

Hon. Mr. Crerar: May I ask my friend a question at this point? The committee which inquired into the matter of old age pensions recommended that the scheme should be accompanied by the contributory principle. Has that principle been abandoned?

Hon. Mr. Robertson: It becomes obvious, of course, that $365 million will not be raised without contributions from somebody. The form in which such contributions are asked for may not be exactly as envisaged by the members of the committee, but the pension scheme is financed by contributions from income earners in this country through taxation.

The 2 per cent sales tax will not be in addition to the present 10 per cent sales tax. Followiing the enactment of the Old Age Security Act, and effective as of January 1, 1952, provision will be made for a reduction, from 10 per cent to 8 per cent in the rate under the Excise Tax Act; that is, a 2 per cent of the tax under one Act is being transferred to another, with no change in the over-all rate. The revenue from this source should amount to about $145 million next year. I may add that a sales tax is an eminently equitable method of financing our social security program. Where, under social security provisions, the benefits are to be universal, it is only proper that contributions to the fund should likewise be universal. In addition, under the sales tax method of financing, throughout a wide income range the burden will be roughly proportionate. For example, by means of sales tax the $6,000-a-year man will contribute about three times as much towards the $40 a month pension as will the man with an income of $2,000 a year.

The proposed personal income tax will be in addition to the tax at present in force. A special levy of 2 per cent on taxable income will be imposed, with a ceiling of $60 on the amount of the tax. That is to say, the social security tax will be 2 per cent of taxable income or $60 a year, whichever is the lesser. This tax will not come into force until July 1, 1952. For the first year as a whole the tax will be only 1 per cent with a limit of $30. On a full-year basis, this 2 per cent additional on taxable income of individuals should yield approximately $95 million.

The third item of revenue under the Old Age Security Act will be derived from an additional 2 per cent tax on corporation profits, effective January 1, 1952. It is expected that in a full year this tax will produce approximately $65 million. At present the tax on corporations is 15 per cent on the first $10,000 of profit, and 38 per cent on anything in excess of that amount, with a 20 per cent surcharge on the 38 per cent rate only, making the effective rate 45·6 per cent on profits of over $10,000. The additional 2 per cent will bring the rates to 17 per cent on the first $10,000 and 47·6 per cent on profits above $10,000. In addition to the federal tax there are corporation income taxes of 5 per cent in the eight provinces with which we have tax agreements, and of 7 per cent in Ontario and Quebec.

It is anticipated that the new federal pensions will involve an expenditure next year of roughly $330 million, though the figure may be as low as $320 million. The three taxes supporting the fund can be expected to produce an annual revenue of from, say, $300 million to $310 million. Taking these figures as tentative only, the fund may show a small deficit for the first full year.

As payment of the new federal pensions will begin in January, 1952, it is estimated that outlays in the current fiscal year—that is, for the year ending March 31, 1952—will be about $80 million. As receipts from the 2 per cent sales tax will amount to about $30 million, and as there will be no appreciable collections of the 2 per cent tax on corporations and none at all from the personal income tax which is not effective until July 1, there will, of course, be a deficit in the Old Age Security Fund of approximately $50 million, as at March 31, 1952. To meet such a deficit, there is a

special provision in the proposed legislation whereby the Minister of Finance may make temporary loans or advances, so that pensions chargeable to the Old Age Security Fund may be paid. However, the minister is required to review annually the state of the fund, and if he is of the opinion that the receipts are or will be insufficient to pay the charges thereon, including the repayment of any temporary loans, he is to indicate what measures he recommends for increasing the revenues. The purpose of these provisions is to ensure that the fund, at least after the first few months, will be self-sustaining and that the revenue sources are sufficient to ensure an adequate flow of income to meet the pension payments and the repayment of loans.

These, honourable senators, are the basic principles on which it is proposed to operate the fund.

What will be the results of the new program when it comes into operation in January, 1952, after approval by parliament? First of all, it will abolish the means test for some 320,000 persons now in receipt of old age pensions on a means test basis. In addition, 380,000 persons not at present in receipt of a pension will benefit for the first time, making a total of 700,000 persons in all to benefit from the provisions of the Old Age Security Act in the first year of operation. Then, to this total of 700,000 persons of 70 and over can be added 145,000 others who will benefit under the provisions of the Old Age Assistance Act passed in June of this year, plus 8,000 under the Blind Persons Act, making a total of 853,000 aged and blind persons in Canada who will be covered by the legislative program being implemented this year to replace the existing Old Age Pensions Act. Finally, the benefits under this new legislation will provide an invaluable foundation upon which hundreds of thousands of Canadians can set up their own retirement security programs. This will be done in many ways: through commercial or government annuities, through the establishment or adjustment of industrial pension plans, and through a wide variety of other personal savings programs.

I am satisfied, honourable senators, that this house will find, on examination of this new proposed program, that on the score of universality, wide coverage of persons benefited, general adequacy of benefit, absence of means test, facility of administration, and clear understanding of the cost of old age security as a charge upon the nation's current production, the plan embraced by the legislation before us stands second to none of the comparable programs throughout the world today. We are presently facing the challenge of a ruthless and tyrannical regime from abroad, which claims that only by its system can social justice be assured to all. I submit, honourable senators, that by such measures as at present are before us for consideration we unanswerably refute those claims. Our objective is to bulid for our people a secure and free and fruitful way of life, and the security which we will be providing for our older citizens through this legislation is fully consistent with this great objective.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: I know very little about this matter, and I apologize to the house for taking up time to ask whether the pension is to be treated by the taxpayer as income?

Hon. Mr. Euler: Sure.

Hon. Mr. Crerar: If I have a taxable income of $5,900, I shall have to add as income this pension of $480?

Hon. Mr. Robertson: That is so.

Hon. Mr. Crerar: From that sum 2 per cent, with a limit of $60, is taken; and when my income exceeds $6,000 it seems that I am thrown into a higher taxation bracket.

Hon. Mr. Robertson: Maybe.

Hon. Mr. Crerar: I wanted to be clear on that point.

Hon. Mr. Robertson: There is no question that this pension payment is included for income tax purposes.

Hon. Iva C. Fallis: Honourable senators, as one who was a member of the Joint Committee on Old Age Security, I am naturally very much interested in this legislation. I have said before in this house, and I still maintain, that to me the measure of a country's greatness is the measure of the initiative and industry and thrift of its individual citizens; and because I hold that view very strongly I have not always been as enthusiastic as some people were about some of the social legislation which we in this house have assisted to pass. I have always been opposed to any legislation which I felt would lessen in any degree that initiative and industry and thrift of the individual citizen; and I question whether I would have been very enthusiastic about this legislation if it had been presented to us in normal times.

But we are living in a time which is not normal. The story of the past few years has been a story of constantly mounting costs and a constantly increasing effort on the part of those who have very small incomes, and because of those conditions it seems to

me that the picture has been entirely changed. It has been changed for everyone, but especially for those whose days of earning are over. It is a matter of common knowledge, as was mentioned by the leader of the government—I do not need to remind honourable senators of it—that people who retired a few years ago with an easy mind, assuming that the relatively modest incomes they had provided for were sufficient to keep them in reasonable comfort for the rest of their lives, have received during the past few years a rude awakening. Faced with increased rentals, with costs of fuel and food and clothing soaring to new peaks every year, and the end apparently not yet in sight, many of these people have been forced to dip into their small reserves of capital; and so fear of the future and the tension it causes have increased. The great majority of people who are affected by this legislation are not able to go out and earn more. It was stated in the other place, I believe by the Minister of Health and Welfare, that over 80 per cent of all Canadians over seventy years of age are not capable of supporting themselves by useful, remunerative work; and, as the government leader pointed out to date the assistance which has been given, subject to the means test, has penalized the thrifty. An individual who squandered all he made as he went along could draw the pension, but people with low incomes who had been thrifty, who had managed to save something for their later years, found themselves, though often in great need, just beyond the reach of the pension. And we all know of dozens of cases of people in straitened circumstances who would not apply for this pension because they felt they would be accepting charity and that a stigma attached to this form of assistance. So, for these and other reasons, the members of our committee unanimously agreed to ask for the abolition of the means test.

I know that many people will say, "Well, people should provide for their own old age—I did—and then they wouldn't have to receive a pension". I do not blame anybody for making that statement; I have made it myself in the past. But sitting with the members of this committee and examining the problem from every angle, I came to see the other side of the picture very clearly. The fact of the matter is, and we may as well face it, that great numbers of people in this country are engaged in work which is very worthwhile in the communities in which they live and necessary to the maintenance of our national life, but which in itself is not sufficiently remunerative to provide them with any degree of security in their old age. I think, for example, of the people who are engaged in such strenuous manual labour that they become prematurely aged, and who, when they reach sixty, sixty-five or seventy years of age, are not physically able to carry on the strenuous manual labour they have performed in the past. I think of the great numbers of clergymen throughout Canada, particularly those in the small towns and rural areas, who are very poorly paid. In these days it would be almost impossible for them to lay aside much for their old age. I think of members of the teaching profession, and many others who in the face of the high cost of living today maintain a home, and feed and clothe and educate their children, but have little left to put aside for the years when they will be forced to retire, no longer able to carry on with their profession. These are just a few examples of the many classes of people in this country who, while doing most necessary and worthwhile work, do not receive sufficient remuneration to enable them to provide for their later years.

It is true, of course, as many people say, that in granting the universal pension you are giving pensions to people who do not need them. That is true, but I do not think we should be unduly worried about that. As a rule governments are very adept at taking away any excess cash an individual may have, and this government is no exception. I think that we can safely leave it to the government to devise ways and means of taking back a good deal of what is received through the pension by people who do not need it. On the other hand, it seems to me that the one great benefit which stems from the abolition of the means test is that no ceiling is set on the personal income, and those who are able and willing to work after the age of seventy may continue to do so without being penalized. A second benefit is that labour will not be withheld but will be available at any time when we need the maximum of assistance in carrying on the industrial life of this country.

As we sat in committee we heard many witnesses from various organizations and representative bodies emphasize the importance of providing inducement to people to carry on in their employment as long as they are mentally and physically capable. To those who may think that $40 a month is a generous pension, one look at the cost-of-living index will dispel any idea that we are being over-generous. I noticed in the press the other day that the Minister of National Revenue was quoted as saying that $100 today would just purchase what $40 purchased in 1936; so on that basis we are providing a $40 pension which will buy $16 worth of goods in terms of 1936. That is an indication of how generous this pension really is.

Before leaving this particular question I should like to say that when the committee was sitting I put up as good a fight as I knew how to have the pension made available to women at the age of sixty-five. I argued that women are let out of business and industry at fifty-five or sixty, and that women of sixty or sixty-five years of age find it exceedingly difficult, if not impossible, to gain employment in business or in industry. But as a lone woman in a committee of thirty-nine members, I was simply a voice crying in the wilderness. I did have the satisfaction, however, of hearing many witnesses admit in reply to questions I put to them that it was quite true women are let out of industry and business at an earlier age than men, that it is much more difficult for them to secure positions if they need them at the age of sixty or beyond.

Then we come to the question of financing, with which the leader of the government (Hon. Mr. Robertson) has already dealt so fully. I should like to make a few remarks from this angle. Some sections of the press and some members of this house have expressed regret that the committee did not recommend a contributory system on the insurance basis, similar to the system in use in the United Kingdom. This would result in each individual making his special contribution and receiving his pension as a right. That system was very carefully studied by the committee. Many of us were greatly impressed by it because it would bring home to every individual the fact that pensions cost money, and that if one wished to benefit he must contribute. I think I am correct in stating that the chief reason for the rejection of this system by the committeee was the difficulty of coverage. Under this plan it is not possible to make the coverage universal. It is comparatively easy under such a system to collect from those employed in industry on a payroll deduction plan, but it is exceedingly difficult to cover many other such as housewives, farmers, and those who are engaged in small businesses of various kinds. So under an assistance plan it would have been necessary to provide for a very large percentage of pensioners, and this in turn would inevitably have involved the continuation of the means test. If any honourable senator is interested, this whole matter is fully dealt with in paragraphs 32, 33 and 34 at page 105 of the report, where the advantages and disadvantages of that particular system are fully set forth. The contributory system on the insurance basis presents much greater difficulties in administration and involves a great amount of bookkeeping.

One great advantage of the plan which has been adopted is that it will be easily administered and will require a minimum of bookkeeping. The committee felt that it was simpler and easier to give universal coverage in this way and then leave it to the government to devise ways and means of taking the money back from those who did not need it. The ways and means devised by the government were fully covered by the leader of the government, and are embodied in section 10 of the bill. On this point I must confess that I do not find myself in such complete accord with the government as I have been up to the present moment. The report of the committee, on page 110, paragraph 64, has this to say on the method of financing:

> The committee is in favour of the contributory principle, not only because of the importance of this in raising total moneys required, but also because of the importance of establishing a close association in the mind of the individual between his contribution to the cost and the ultimate benefit he is to receive.

The senator from Churchill (Hon. Mr. Crerar) asked a question pertinent to that, and the leader of the government gave an answer implying that the money was to be raised by a contributory system. I think one has to stretch one's imagination just a bit to think of the system adopted as contributory in the fullest sense of the word. Those who pay the 2 per cent income tax, I suppose, will be making a direct contribution, but the great number of people who do not pay income tax will contribute only through the 2 per cent sales tax. Can there possibly be in the mind of the average person in this country any connection between a 2 per cent sales tax levied at the manufacturer's level and the old age pension? The average person will not see any connection at all. Of course, I have a pet aversion to hidden taxes. I am not like my friend the senator from Toronto (Hon. Mr. Hayden) who last year made such a very impassioned defence of hidden taxes that before he had finished his speech I came to the conclusion he was trying to convince himself.

The method of contribution through a 2 per cent sales tax at the manufacturer's level is one that I do not like. If a contribution has to be collected through a sales tax, I would much prefer to see it at the retail level, for two reasons. The first is the one that I have mentioned. If we had to pay a 2 per cent tax on the retail price of everything we bought, and were told that this tax was going into the Old Age Pension fund, there would be a direct connection in the mind of every purchaser between his contribution and the pension to which he will be entitled. My second reason is that a 2 per cent tax levied at the manufacturer's level means a tax of 3 or 4 per cent by the time it reaches the individual. However, I

believe two reasons were given why it was decided not to impose the tax on retail purchases. One was that there is no existing federal machinery for collecting a retail tax. The second was that in some of the provinces there is already in effect a direct sales tax imposed by the province, and it was felt that it would be confusing and unwise to impose a federal tax in conjunction with that. I think perhaps in some ways it would be unwise, but I still would have preferred the 2 per cent tax to be levied at the retail level.

I like subsection 3 of section 10 even less. It provides that every individual liable to income tax shall pay an old age security tax of 2 per cent of his taxable income. I do not think this is a fair division of cost. Under this plan, if a man and wife are both earning, the cost to their household will be out of all proportion to the tax on the majority of households. For example, if a man and his wife are each in receipt of a taxable income of $3,000 they will each pay $60, which means for that household a tax of $120 on a taxable income of $6,000. But other households with a single taxpayer may have an income of $50,000 or $75,000 or $100,000,—the sky is the limit—and still the tax will be only $60. It seems to me a little less than fair that a household with a taxable income of $6,000 should have to pay $120 just because half of the income is earned by the wife, when other households may have an income of up to $100,000 or beyond and yet be taxed only $60.

I do not pretend to offer any solution for that. I am not an economist or a tax expert. All that I know about finance is how to cash a cheque when I am lucky enough to find one. But I do think that the tax experts of the Department of Finance should be able to work out a more equitable distribution of costs in that respect. Perhaps that will come in future.

As for the present, I am very happy that parliament is not longer delaying the passage of this Act, because I know of the very great need—increasing every day as the cost of living increases—among a great number of our population today. I am glad that we are implementing a recommendation of a committee composed of members of all political parties, a committee which gave so much time and thought to the study of this problem.

Hon. Mr. Reid: Honourable senators, I move the adjournment of the debate.

The motion of Hon. Mr. Reid was agreed to, and the debate was adjourned.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Tuesday, November 6, consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Vien for an Address in reply thereto.

Hon. R. B. Horner: Honourable senators, I wish to take part in the debate on the Address, for it gives me an opportunity to make a few remarks on my recent trip overseas as a delegate to the conference on world government. But first I wish to mention the very wonderful visit that we had from Their Royal Highnesses the Princess Elizabeth and the Duke of Edinburgh. I was absent from the country for the greater part of the time that they were here, but I was delighted at the manner in which the Canadian people turned out to welcome them. Altogether the Royal visit was a very enjoyable one for our people, as I hope it was for the royal couple. I may say that I was passing by Buckingham Palace at the time of the operation on His Majesty, and I observed the great anxiety of the British people in their concern for the health of their sovereign. I was particularly pleased that, despite the seriousness of His Majesty's illness, the royal couple did not want to disappoint the Canadian people, who had made preparations for their visit. Also, I think that in the circumstances our Prime Minister acted very wisely in notifying the royal couple not to consider themselves obliged to leave for Canada by any certain date. That, it seems to me, was very thoughtful. Many honourable senators may have visited Buckingham Palace and know of the regard in which the people of Britain hold the Royal Family. I was amazed to see thousands of people stand all day long reading bulletins on the King's health, and many others on their knees praying that the operation he underwent would be successful. I venture to say that in England's long history there has never been a Royal Family that enjoyed such an abundance of love and esteem as the British people have for their present King and his family.

Some Hon. Senators: Hear, hear.

Hon. Mr. Horner: I wish to congratulate the mover (Hon. Mr. Vien) and the seconder (Hon. Mr. Wood) of the Address in Reply to the Speech from the Throne. It is notable that the mover read his speech. He spoke at some length about the question of inflation and what the present government is doing to curb it; he then enumerated the many pieces of social legislation which had been enacted under governments whose

political views he shared. That long list indicates, in my opinion, the main cause of the inflation we are suffering today.

I have been both amazed and amused at the stand taken by some Liberals on the question of free trade. One used to hear a great deal of talk about the Liberal free trader, but it seems that the only one left is now a member of the other house—and he lives close to the American border; the others apparently have disappeared until election time.

The problems facing Canada, and indeed the world, are to my mind extremely serious, and we have got to make up our minds what steps we are going to take to solve them. We are all familiar with the unhappy position in which two world wars have left the people of England. The fact of the matter is that Canada is affected to the extent of the $1 billion reduction in England's imports. It may very well be that the greater part of that amount will be trade lost to Canada. It is rather discouraging to a Canadian under a free-trade government to read in the Old Country papers that, because of Canadian dumping duties, no more British cars could be exported to this country and 3,000 vehicles already here would have to be returned. Now honourable senators, we should be producing enormous quantities of food; and if we expect England to purchase from us we must be prepared to buy from her. What else can we do?

Turning again to the question of inflation and the rising living costs, I agree with the remarks of the senator from New Westminster (Hon. Mr. Reid), that we cannot expect low prices as long as we have demands by labour for increased wages. But that is not the most serious question. The hours of work per day and the number of days per week that labour puts in is the real problem. If labour were prepared to work hard for twelve hours a day, there would be no problem of free trade. Of course the International Labour Organization keeps a close watch on things; but when the people become desperate they will do anything, even work.

Now may I give my views on some of the causes of the high cost of living. One is the high cost of government. For instance, the holding of two sessions of parliament in one year sets a very poor example for the people of Canada in the matter of curtailing expenditure. By way of contrast I point to the action taken by Churchill, when he recently became Prime Minister, of cutting his salary and that of his ministers. I maintain that there is no justification for holding two sessions of parliament in one year.

The honourable senator from Queen's-Lunenburg (Hon. Mr. Kinley) spoke about the two world wars, and said that in Canada there had been no scandal associated with the last war. I would point out, honourable senators, that there are different interpretations of scandal, and that what was scandalous some years ago is no longer so regarded. For instance, a campaign fund donation of $5,000 was once looked upon as a scandal, and resulted in the downfall of the government. During the last war we saw the removal of Japanese eastward from Canada's west coast, and the confiscation of their property. A royal commission, which is always costly, considered the matter and recommended reimbursement to the extent of some $256,000. I maintain that that was a scandal of the first magnitude. I would cite as a further example of scandal the residence of the Prime Minister, which was renovated at a cost of some $600,000. All the work was done on a cost-plus basis, with the one minor exception of, I believe, the fence. I think that too is a scandal of the first magnitude. Many more such examples could be given.

If we are to call on labour, as we shall have to, to work longer hours and do more work we must set them a better example. There are, fortunately, some signs that labour is commencing to realize the need for doing more work. To paraphrase an ancient biblical injunction, we are warned that man must earn his bread by the sweat of his brow and labour with his hands for the things that are good. The amount of labour that some perform is an evasion of that injunction, because they don't sweat. It is a fact—which sometimes provokes me—that apparently man was intended to work, for I feel well only when I am working hard; and I believe I am imposing no injury on others when I urge them to do the same. A man is happier when he is working. Now we find the banks are applying for a five-day week. Probably it will be based on a five-hour day.

What is the government doing in the interests of Western Canada? I want to protest against this business of crop estimating. People drive around in automobiles and predict that there will be a crop of 500 million bushels of certain specific grades; others estimate the number of cattle that will be available; and one estimate is about as right, or as wrong, as the other. This system takes no account of the weather conditions, which, as happened in the last two years, make nonsense of their reports. In whose interests are these estimates made? Supposing someone entered the plant of a manufacturer of shirts and announced that he was estimating the output and intended to report that so

many thousand dozen shirts would be produced, what do you suppose would happen? He would be ordered off the premises. But this system of estimating agricultural production goes on, to the prejudice of agriculture, building up false hopes by misrepresenting conditions.

The importation of 40 million pounds of butter to a country like Canada is nothing short of a national disgrace. Within a two hours' drive from Ottawa, where once thousands of sheep were raised, one can find abandoned farms, some with buildings still on them. The increase of taxation has deterred some farmers from remaining on the land. Another handicap is that the cattle and dairying industries have to operate on a seven-day week.

I have spoken before about the causes which have brought on this impasse. Honourable senators will remember that in the first years of the last war the price of No. 1 dairy butter was set much too low. In our town it was 32 cents per pound. I maintain that the price should have been at least sixty cents. People were discouraged, and many who inteneded to go into the dairy business abandoned the idea: they said, "We cannot possibly pay our hired help if the government expects butter to be produced for that price".

As a result of crop damage, we in Western Canada have any amount of feed and no dairy cattle to consume it, and nobody to attend to the cattle if we had them. We are in a position where the western cities will soon be getting powdered milk from Eastern Canada in place of milk.

Hon. Mr. Wood: They are doing that now.

Hon. Mr. Horner: The honourable member from Regina (Hon. Mr. Wood), who seconded the motion, lives in the centre of a huge wheat belt, and of course understands our position.

As regards prices, as a western farmer I have no objection to our wheat being disposed of, if necessary, as a gift to needy people; but I do object to the people of the rest of Canada buying it at 50 cents below the world price. If we are required to sell at a loss, the whole country should share the cost. I note here in a bulletin of the Searle Grain Company that on October 9, 1951, at Portal, North Dakota, the price received by the farmer for his wheat, calculated in Canadian funds, was $2.23½. Just across the line, at Portal, Saskatchewan, on the same day, the Canadian farmer received for the same grade of wheat $1.23½ per bushel, exactly $1 less than his confrere south of the boundary. It is true that some further payment is expected by the Canadian farmer.

Hon. Mr. Aseltine: But it won't be a dollar.

Hon. Mr. Horner: No, indeed. It cannot possibly be more than 40 cents. The current price at Minneapolis is $2.52½, the equivalent in Canadian funds being $2.63. That represents a difference of about 50 cents per bushel between the agreed upon I.W.A. price and what the Canadian farmer receives. The benefit of the reduced price is enjoyed by the consumer in eastern Canada. That is entirely unfair. We were told by the honourable senator from New Westminster (Hon. Mr. Reid) that he pays 3 cents per pound for frozen wheat. There seems very little justificaiton for the millers selling bran, which is the offal from the wheat, at 3 cents per pound, or somewhat more than they are paying under the world agreement for the whole wheat itself.

Hon. Mr. Howden: What would the honourable senator suggest to improve that matter?

Hon. Mr. Horner: Which matter?

Hon. Mr. Howden: The price of wheat in Canada as compared with the price in the United States.

Hon. Mr. Horner: I certainly would see to it that the Canadian mills and the Canadian consumers paid a price at least equivalent to what is paid across the line, or that the loss to the western farmer was made good in some other manner by the public.

We have been reading about what the farmers of Saskatchewan and Alberta have had to contend with. They are in a particularly difficult position. In Alberta stock-growers and dairymen may operate as long as ten years without loss; then if one or two bad years intervene these people are set back for a long time. This year they have been hit particularly hard. The hay crop has failed, the grain is covered up, and half-grown cattle which in ordinary times would have been kept on the farms are being rushed to market. In the result a shortage of beef, and difficult times generally, must be expected.

Before touching on the world situation today I would like to devote a little time to some happenings on a recent trip. On the ship going over, I became acquainted with the waiter at our table. Upon inquiring where he lived I was told that his home was just north of Liverpool. Daily news sheets were issued, and the election results were received while we were on our way. I said, "Churchill will win". He replied at once, "Oh, no. We don't want a warmonger". I was pretty annoyed, and I said, "No one but a communist

would make a remark like that. Had Mr. Churchill been Prime Minister in the late thirties we would not have had the last war, and you ought to know that if you know anything". We had it hot and heavy. I subsequently learned that this fellow was apparently high up in the Labour government, and I am quite sure that my reaction to his remark was reported to his headquarters in London. About that time I found in an English newspaper a recent picture of Churchill and a verse about him which I should like to place on record:

This is the face that fired us—wise but warm.
This is the heart that touched us—tough but true.
This is the chief who thunders in the storm:
"Let it roar and let it rage! We shall come through!"
This is the voice that cries without a cease,
"Courage in war and kindliness in peace."

Some Hon. Senators: Hear, hear.

Hon. Mr. Horner: I think this is a very neat verse, and it fits the description of Mr. Churchill as I have always thought of him.

Honourable senators, I was disappointed that during my trip I was unable to get to Germany, because I should like to have learned for myself just what is their outlook on the world picture. I am concerned about their attitude and what we can hope for from them. I am firmly convinced that had Churchill been Prime Minister of England following the last war we would have established peace with Germany some four or five years ago, and we would not have to wait for Russia to dictate when peace with Germany should be made.

Like the honourable senator from New Westminster (Hon. Mr. Reid). I want to commend the government department which prepared this booklet entitled *Canada Off To Europe* for our Canadian troops going overseas. In view of what two world wars have cost Canada, I want to repeat something I said in this chamber on a previous occasion. I am convinced that a small Canadian army of occupation, each soldier being a diplomat, should have been kept in Germany following the last war.

The question of trade is a serious problem confronting the world today, but to my mind, something even more important is man's dignity. Though it may have taken a while, I think that I have thoroughly learned the lesson that all men should be treated as human beings, regardless of their colour, creed or nationality. Surely if we profess to be Christians we cannot have any other outlook. The affronting of man's dignity is one of the real causes of the trouble in Egypt, in China and elsewhere. The dignity of people in these countries has been offended by various slights. In my opinion name-calling and flippancy should be entirely left out of all future diplomatic negotiations, which should be kept at a high level. It is really alarming the way many Englishmen have behaved in their dealings with what some people call "the colonies", and with other nations as well. Just here I should like to tell the story of a Russian doctor who escaped from the Russian communists some thirty years ago. When this doctor and his wife, who was also one of the medical profession, were making their escape through China they did a good deal to help the sick of that country. But, this doctor told me, he would not answer a sick call at night unless it was thoroughly explained that he was a Russian and not an Englishman. Honourable senators, with things in the world going as they are today, such a story gives one great cause for concern. I have been told how Englishmen have kicked Chinese rickshaw boys and thrown the pay on the street rather than give it to them in their hands. These acts are exceptions to the rule, but what a great injury they can do in times of crisis.

Ours is a great heritage, but it frightens me to hear people boasting about the wonderful things we are doing and the high standard of living that we enjoy. If you look at all the great nations down through the history of time you will see that ease and pleasure preceded their downfall. When we talk about democracy and about training our families to work, we must remember that we have started along the road to socialism and that that road runs downhill and is greased all the way. It will be hard to ever come back.

As a member of the select committeee on resolutions to come before the conference on world government, I should like to say something about the activities of that conference. Possibly the only justification for my invitation to attend this conference was that, in my humble way, I endorsed the resolution presented in this house by the honourable senator from Waterloo (Hon. Mr. Euler) a year or so ago. Honourable senators will recall that when our colleague introduced his resolution there was not much support for it in this chamber, but I am sure that most of us were delighted when the resolution was finally agreed to. This trip was to be strictly a pay-your-own-way proposition, but I thought, "Well, if I can perform any useful service at all I certainly would like to go." I wanted to visit the Old Country anyway. The president of the British branch of the world government association is Clement Attlee, the British Labour Leader. Other British officers are Henry Osborne, Mr. McAllister, Lord Beveridge and Lord Boyd-Orr. At every meeting there were representatives of all the political parties in Britain except the communists.

Delegates from twenty or more countries attended the conference, which was held in Bedford College, Regent's Park. It was a beautiful setting, with a lovely park on one side. The central building of the college, which was bombed during the war, has just been rebuilt. The site is only a few minutes' walk from the Baker street crossing, and Madam Tussaud's Waxworks are quite close. We were put up at a very reasonable rate, and benefited greatly from our friendly meetings with the delegates from the different countries as well as from our formal conferences.

I might mention one little incident just to show how wide afield went the charge that Churchill was a warmonger. A delegate from India asked me what my politics were, and when I told him, he said "Oh, my! Surely you are not a Conservative and working for peace and world government!" I looked at him and told him that the only people in Canada who ever did or would want war are the communists.

I received a cable notifying me that, unless I cabled back a refusal, I was to speak with Mr. McAllister and Lord Beveridge at no less a place than Edinburgh, and perhaps Glasgow as well, though at the moment I am not sure of that. Well, I did not cable a refusal. I thought to myself that I would go to Scotland and perhaps get out of making a speech after I arrived. However, I didn't run into any difficulty about this, because apparently somebody on the ship had sent word ahead, and I was dispatched to Cardiff, Wales, instead. We had a very fine dinner there. I was much impressed with Cardiff and with Burke castle. In the centre of the castle there is a huge keep, such as we used to read about, and some of the old Roman stones are still in the walls. We attended a luncheon and were all given the privilege of replying to the acting Lord Mayor. The Lord Mayor himself came in, in his regalia, but he had another very important meeting to attend and could not stay with us. I was given the privilege of making a five-minute speech. One of the castle rooms which we saw was described to us as among the most valuable chambers in the world. The man who was showing us around pointed out, among other things, remains of the old moat and mill. He said that in olden days every farmer in the community had to bring his grain to that mill, and that the lord of the castle took toll on all of it. I said "Well, that is still being done, but in a smoother way." That night we had a banquet, at which Lord Winster spoke. He made a very good speech. I rather think he is a Conservative, because he praised the old custom of letting people try to improve their own affairs, and he went on to show what England had accomplished in the past. I thought to myself that I had one friend there, anyway, and when he finished speaking I shook his hand and said that I liked the stand he had taken. He said: "I am awfully glad you did. You know, one is never sure nowadays whether it is safe to advise people to help themselves."

From there we were taken by bus to Newport, where a huge new steel plant is going up. It is being built entirely on ocean sand, and the piling required to provide a safe footing for the plant was greatly in excess of what had been calculated on. The plant is being constructed with assistance from the Marshall plan, and when completed it will be one of the largest in the world. We were shown through the whole place. We watched the slag being dumped into the furnace, and saw a huge heated block of metal, three or four feet square, in the process of being rolled into a long thin sheet. The president and directors of the steel company invited us to a small hotel for luncheon, and again I was asked to say a few words in thanks. In Wales there is a notorious character named Arthur Horner, a communist, but I gave assurance that no alarm need be felt from my presence, because any relationship between him and me was very distant.

From there we went back to London. I might mention here that a very friendly Indian delegate, a lawyer, who had been with us on the trip in Wales, bade good-bye to us before we went back to London, for he was going to visit another part of the country. Afterwards we met him again at Hyde Park, in London, and his delight at seeing us once more was very pleasing.

We also went to Dorchester, where we were invited to dinner at an hotel. To give some idea of the interest that the people of London are taking in the world government movement I would mention that after a meeting in the Great West Hall, at which Lord Boyd-Orr, Lord Beveridge and Mr. McAllister were speakers, a collection was taken up and the people present contributed some £2,500, the equivalent of about $7,000, for the purpose of helping to organize the movement. Posters were hung up bearing in large red letters the words "One world or none". The select committee of which I was a member heard many speakers. Indeed, it occurred to me that if the leader of the government in the Senate were there he would have no trouble getting someone to pick up where another left off, for they seemed most anxious to express their views. One most able fellow was, I think, Dean of Law at the University of New Jersey.

I made three or four trips to Hyde Park to hear the "soap-boxers". One more trip and I would have crowded some of those

fellows off their boxes. Some of the speakers, who harangue on almost any subject, were not bad; but the singing, both in Welsh and in English, which continued until midnight and later, was really worth listening to, and was most enjoyable.

I was impressed by the appropriateness of the remarks of a Methodist minister speaking in Westminster Hall. I cannot quote his text, but it had to do with the delivery of the children of Israel. He went on to say that as the children of Israel had survived their pilgrimage from Egypt, so the people of Britain had survived the menace of Hitler's Germany. Britain having lived through the German bombing, the minister questioned whether the people of that little island would be able to continue to survive. His political views were rather obvious, for he passed the remark that no one talked of work for work's sake or as if one enjoyed his job. It occurred to me that that observation could be applied to the people of countries other than Great Britain. One "soapboxer" in Hyde Park, in ranting about conditions of work, said that property-owners should be deprived of their property. Someone retorted, "property-owners work too," to which the speaker replied, "There shouldn't be any property-owners." At this point I interjected the remark "You are not interested in work; you only want money", and I moved on.

It occurred to me that the cities in England, like many of the cities in Canada, are much too large; but the farming areas are most delightful. Many Canadian farmers could visit to advantage some of the farms I saw in England. I was pleased that Mrs. Horner was with me at this particular portion of the trip, for I was able to point out to her the part the women were playing in caring for the cows and so on. Of course over there the yards are paved, the house is usually nearby and everything is clean and tidy. I visited one farm, an attractive place where a mother and daughter were in the process of bringing in the cows, the finest herd of Ayrshires I have ever seen. The daughter was a beautiful girl with lovely hair and a fresh hair-do. I watched her particularly to see if she would muss her hair while tying up the cows.

Hon. Mr. Beaubien: You were only watching the girl.

Hon. Mr. Horner: I noticed that she did it without displacing her tresses. When the mother found out that we were from Canada she invited us into the house for some tea and cake. I told her we did not want to interfere with people who were doing such useful work, and we did not stay long.

In the potato-picking season in Ireland a week's holiday is declared to allow the boys and girls to leave school and help with the potato harvest. I do not wish to appear to be picking on the one lady senator present this afternoon, but—

Hon. Mrs. Fallis: Be careful what you say.

Hon. Mr. Horner: I noticed that there were a good many girls among the school children who were taking part in farm work. The women too help with the potato picking in Ireland. They do it very effectively. They use a two-handled basket, and there is a picker on either side. When the basket is full they take it to the pit. I did not notice that this bit of out door work had in any way hurt the figures or complexions of the workers.

My wife and I hired a car and drove from Aberdeen north to Balmoral Castle, the home of the Queen, where a relative of hers now lives, and returned later to Aberdeen. After visiting Edinburgh we drove to Nairn, where Mrs. Horner found several cousins, some of them farmers. One fellow, who farms somewhat extensively was busy breaking up a piece of land on one of his three farms. I questioned him about whether he needed more land and in his broad Scotch accent he replied, "I have no need for more land, but the government pries into everyone's affairs. I prefer the trees, but the government says I must break the land, so I have to break it. You can't even kill a chicken without the permission of the government." On our way down to Inverness we saw some very fine stands of pine which were planted some years ago. The farms in that area were particularly good. I found unusual interest in a small mill, operated by water power which was said to have been running the year round for more than a hundred years. Later we passed by the battlefield, now called Culloden Field, where the Scottish clansmen were decimated.

One cannot but think that the Scottish leaders did not use good judgment in their choice of a battleground. They could have found a better-protected location to meet the English army upon its march from Edinburgh. There is a burn or creek over which the English crossed, and nearby, where the armies met are cairns of stones where the heads of the various clans fell. It is said that, no matter at what time of day one visits the place, someone is going around looking at these tombstones; and it was so when we were there.

We also went to Inverness, a beautiful little city in an attractive countryside. The day we arrived was market day, and farmers were coming in with truckloads of cattle and hogs and sheep to be auctioned off. Not far from

Inverness one enters broken country with scattered hills. I had always supposed that a peat bog lay in low land, but both in Ireland and Scotland peat deposits are found in uplands and mountainous areas. Going down to Glasgow we passed "the Bonnie Bonnie Banks of Loch Lomond".

We then took the boat to Belfast, and friends at Ballymena drove us to Derry, through Donegal, and to Dublin. There, on a Saturday afternoon, we went out to the horse races. Crowds were present, for it was a beautiful day, and it took our taxi man nearly an hour to make his way through the tangle of motor traffic. The horses ran on the green grass: some races were nearly as long as three miles.

On the Sunday night we proceeded to Paris via Folkestone and Calais. I had read in the Bible of "the breaking of bread" but never had I seen it going on until, when leaving a Paris railway station, I saw a fellow with bread heaped on a wheel-barrow. From the shape of the loaves I thought they were wood. The bread was unwrapped, but it was good and tasty. It was quite odd to see someone carrying a long stick of bread, breaking off pieces and eating them as he walked along the street. From Paris we visited Versailles, and were fortunate in having the services of a guide who explained in English the story of the palace. It is about twenty miles from the capital, in beautiful country. We then went by train to Albert, and among other places I visited the grave of a brother. We found some little difficulty in making ourselves understood. If I may say something useful to our Canadian children, I would advise them to learn as many languages as they can. Travel is becoming easier, the world is getting smaller, and a knowledge of languages is of great value to those who go abroad. For those intending to enter diplomatic service it is, or ought to be, obligatory. I berated Mrs. Horner and a companion who had taught school, and told them to "swing in" and make some use of their French. My knowledge of French was acquired in a lumber camp about fifty years ago, and I was rather doubtful about using it in Paris.

Some Hon. Senators: Oh, oh.

Hon. Mr. Horner: At Albert we were fortunate in securing the services of a driver, an Englishman who had married a French girl and remained in the country after the first great war. During the last war he was imprisoned for four years. He drove us out to the military cemetery of Darloy-Bouillon, and I would mention, as it may be of some comfort to people in this country, that the graves are perfectly kept; avenues of trees have been planted, and the place generally receives constant and good care. We then drove down the Napoleon Road to Ypres.

Hon. Mr. Aseltine: "Wipers"!

Hon. Mr. Horner: That is what the boys called it. At Vimy, where we saw the wonderful memorial, the German and Allied trenches are preserved. They are only about forty-five yards apart. Vimy is a ridge rather than a hill. There is an underground passage, and the trenches have been fixed up as to look as much as possible like they were during the war, but with rocks substituted for sandbags. In the neighbourhood, all the way along, were graves of Gurkhas, Australians and other overseas soldiers. The Menin Gate is an amazing structure, inscribed with the names of great numbers of men who fell without proper burial. From Ypres we proceeded to Ostend and saw various parts of Belgium. In France and Belgium the farmers as a rule follow the European custom of living in cities or villages and going out to work their land. Much of the country is devoted to sugar-beet, and I was astonished to see that the beet is pulled by hand, the women cutting the tops off. The beets are stacked by the roadways, and huge machines are used to load them into trucks, by which they are taken to the factories. I would say that, for the size of the farms, too much machinery is used by the English farmers, who perhaps could more profitably work with a few more horses; and that the reverse is true of France and Belgium, where one frequently sees two, three or four beautiful horses working in a team.

Looking back it seems to me that no one can pass by the rows and rows of crosses marking the graves of our war dead without experiencing a feeling of frustration and asking himself what all this really accomplished. The fact is that our youth went overseas in the colours of our various royal regiments, where they fought for the Dominion of Canada, and I want to vigorously protest the insidious suggestion of dropping the words dominion and royal from our use. We have become accustomed to these terms, and thinking of this I feel like saying: Cursed be he who removes the ancient landmarks that our fathers established.

Honourable senators, I want to refer now to a newspaper editorial dealing with the British general election. It reads:

> British general election figures show that 28,555,492 of the 34,915,122 eligible voters turned out to cast their ballots last week giving a percentage of more than 80. This is high by Canadian standards.

The writer goes on to warn that we might lose our democratic freedom if we do not get out and exercise our right to vote. In this connection I would be in favour of adopting a system of compulsory voting.

I want to come back now to what Lord Methuen and other people in England suggested to me. England, with its population of some fifty million people, has always been a great manufacturing and exporting nation, but today her world markets are narrowing and she is suffering from a food shortage. Incidentally, at this point I must say how impressed I was when crossing the ocean to realize what an immense task our sailors accomplished in transporting troops and food overseas during the last World War. This accomplishment was indeed most remarkable in the face of heavy storms at sea and the German submarine menace. Now, supposing a third world war cannot be avoided and Great Britain is forced to ask for help in order to feed her people, I think we in this country should be prepared to open our doors to about ten million Britishers. There may be those in England who will say that they cannot send ten million young men over here; but we could take ten million children and old folk. We should be ready to give shelter to these people. One of the great objections to such immigration has always come from labour interests, but the Saskatoon *Star-Phoenix* sounds an encouraging note with the following news item datelined November 1, 1951, Winnipeg:

> Canada's population must increase by millions if she is to provide and increase home market for her greatly expanded production capacity.
>
> Percy R. Bengough, president of the Trades and Labour Congress of Canada, made that statement at a special dinner given here in his honour.
>
> Mr. Bengough said he felt the needed population should come to Canada from Europe and particularly England. He said he believed that much of England's population must move to prevent the standard of living being reduced to that of the Chinese.
>
> Canada could care for a population of 35,000,000 easily, Mr. Bengough said.

I think this is the most encouraging sign I have seen lately to find labour supporting such a plan.

Hon. Mr. Reid: Would the honourable senator permit me to ask a question?

Hon Mr. Horner: Certainly.

Hon. Mr. Reid: In his travels through Great Britain and Europe did the honourable senator find any great desire among the people of those countries to emigrate to Canada?

Hon. Mr. Horner: Oh, yes. I am glad the honourable senator from New Westminster (Hon. Mr. Reid) has asked that question. It seems to me that the stumbling block in the whle matter of immigration to this country is the limited amount of capital that would-be immigrants are permitted to take out of their homelands. There are men with capital who would like to come to this country, but they cannot bring their money with them. Honourable senators well know that years ago an Englishman, for instance, could go out to Western Canada and start farming with just a yoke of oxen. Today, however, if the immigrant wants to farm for himself he must have a lot of modern equipment in order to meet competition. He might, of course, go into sheep raising in the eastern provinces. Incidentally, coming back on the same boat with me was a fellow who was coming to Canada to look over our farming prospects. It seems that he and his brothers and their father have farm interests in the Old Country, having some 200 head of cattle and about 200 sheep. This young fellow wants to farm in Canada, but all his government will allow him to take out of England is £1,000. Now, it may be that some people in Canada would be willing to say to prospective immigrants, "I will sell you a farm on terms".

We must all realize that we are part of a great world organization. We on this continent find ourselves in a choice and favoured position, and we should not be ready to order people back to their home countries when they are out of work. I hope we all believe in a Supreme Being, because a world crisis is quickly approaching, and if we do not do our duty and our share we may soon no longer exist as a nation. On one occasion a certain rich young man—like the senator from Rosetown (Hon. Mr. Aseltine), he had many lands—was told by our Saviour to go and sell all that he had and give it to the poor, and we are informed that that young man went away sorrowful. It may be that the Saviour meant this advice for rich nations as well as for individuals. I have long believed that the so-called "have" nations will have to help the "have-nots".

In closing, I wish to emphasize that the serious situation of today requires, in my opinion, the greatest care on our part when we are dealing with people of other nations. I am not pleased when I hear boasts of our high standard of living. That sort of thing does not comfort me at all; on the contrary, I am alarmed every time I hear the remark made. If we exercise the greatest care in our dealings with other lands, things may work out all right. I hope they will.

Hon. Mr. Vaillancourt: Honourable senators, I move adjournment of the debate.

The motion of Hon. Mr. Vaillancourt was agreed to, and the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, November 15, 1951

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

Prayers and routine proceedings.

TRANSPORT AND COMMUNICATIONS COMMITTEE

PRINTING OF PROCEEDINGS

Hon. A. K. Hugessen presented and moved concurrence in the second report of the Standing Committee on Transport and Communications.

The report was read by the Clerk Assistant as follows:

Your Committee recommend that authority be granted for the printing of 300 copies in English and 100 copies in French of its proceedings upon the report of the Royal Commission on Transportation.

All of which is respectfully submitted.

The motion was agreed to.

STEAMSHIPS—REGISTRATION AND CREWS

INQUIRY

Hon. Mr. Duff inquired of the government:

1. Were the following steamships registered in Canada for a number of years, viz:
S.S. *Lumberman*; S. S. *Royal William;*
S.S. *La Grande Hermine*; S. S. *La Petite Hermine*;
S.S. *World Trotter*; and S.S. *St. Malo*?
2. When were, or at what port were said ships registered and whose names appeared as managing owner or owners?
3. Were said ships placed under British registry in Hamburg, Germany, during the current year or thereabouts?
4. Were Canadian officers and crews aboard said ships paid off in Hamburg?
5. Were British captains or/and other officers afterwards appointed on said ships?
6. Were Canadian crews replaced by Germans in whole or in part?
7. In whose name are said ships now registered?
8. Have captains and other officers without Canadian certificates of competence been appointed to man said ships?
9. Has the Canadian Transport Department been aware of above and made no protest?

Hon. Mr. Robertson: The answer is as follows:

1. Yes.
2. See statement below.
3. No.
4. Yes.
5. Yes.
6. Yes. As far as uncertificated personnel are concerned, this practice is not contrary to requirements of Canada Shipping Act.
7. See statement below.
8. Yes. Present information indicates that certificated personnel are chiefly British subjects.
9. The department has been aware for some time of the above developments, and has made strong protests to owners on account of engagement of improperly certificated personnel. In certain instances, sailings have been held up where improperly certificated personnel have been employed. The department is taking steps to stop clearance of any of the above named vessels should improperly certificated personnel be found in crews.

Registration

Questions 2 and 7:

Vessel	Port and Date of Registry	Registered Owners
Lumberman (ex *Dartmouth Park and Captain Polemis*).	Montreal, Que., Apr. 7, 1943.....	Northern Star Steamship Co. of Canada Ltd., 28 St. James St. West, Montreal, Que., Manager: Ph. B. Papachristidis.
Royal William (ex *Fort Wrigley* and *Pantrooper*).	Montreal, Que., Oct. 15, 1948.....	P. & T. Steamship Co. Ltd., 28 St. James St. West, Montreal, Que., Manager: Ph. B. Papachristidis.
La Grande Hermine (ex *Rockwood Park*).....	Montreal, Que., Jan. 29, 1943. Registry closed June 22, 1951, on sale to foreigners (Panama).	Seagull Steamship Co. of Canada Ltd., 28 St. James St. West, Montreal, Que., Manager: Ph. B. Papachristidis.
La Petite Hermine (ex *Kelowna Park*).....	Montreal, Que., June 27, 1944.....	Seagull Steamship Co. of Canada Ltd., 28 St. James St. West, Montreal, Que., Manager: Ph. B. Papachristidis.
World Trotter (ex *Green Gables Park* and *Papachristidis Vassilios*).	Montreal, Que., June 17, 1943.....	Dolphin Steamship Co. Ltd., 28 St. James St. West, Montreal, Que., Manager: Ph. B. Papachristidis.
St. Malo (ex *Liscomb Park*).....	Montreal Que., Aug. 31, 1944. Registry closed Sept. 21, 1951, on sale to foreigners (Panama).	Seagull Steamship Co. of Canada Ltd., 28 St. James St. West, Montreal, Que., Manager: Ph. B. Papachristidis.

OLD AGE SECURITY BILL

SECOND READING DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill 13, an Act to provide for Old Age Security.

Hon. Thomas Reid: Honourable senators, in rising to take part in this debate may I say at the outset that when this legislation was made public it was interesting to observe how well it was received by all political parties, and by people generally throughout the entire country. I am speaking on this measure now particularly because of the interest I took in this very subject of old age pensions some years ago. One of the first speeches I made in the House of Commons was in 1931, when I advocated a contributory old age pension system. I mention this fact now to illustrate how far we have moved along the road. But it has taken time. There is no doubt that the present legislation is a forward step in the interests of the welfare of the Canadian people, and one which I am sure honourable senators will support unanimously. When advocating an old age pension scheme on a contributory basis while campaigning back in the 1930 election, I received five or six letters from people who said that they could not support me in my election bid because they felt I was too much of a socialist, that I was going too far to the left.

As I say, we have moved along. The Senate, too, has moved along. I well remember that when legislation of this kind was first introduced in this august chamber it was turned down. Today, however, we see all parties agreeing with the government in this forward legislation, although there may be some criticism here and there as to methods or as to the amount involved. Today we are on the march, and social welfare is perhaps inevitable. It is a long while since social welfare started in Great Britain, and it has gradually grown until today there is nothing more any British party or government can offer to the people of the British Isles in the way of social legislation.

When we speak about the cost to the people of Canada of such a system as this, I well remember that in 1936 the Honourable Charles Dunning, then Minister of Finance, held up his hands with holy horror during a debate in the other house when some opposition member proposed increasing old age pensions at a cost of some $80 million. The minister said, "Where would we get the money?" Well, I am hoping some day to meet him and ask him what he thinks about it now, because I feel certain that he never realized that one day Canada would be spending something like $365 million annually on old age pensions, not to mention a similar amount for family allowances.

The honourable senator from Peterborough (Hon. Mrs. Fallis), who spoke on this bill yesterday—and I wish to compliment her on her speech—said something about the encouragement of thrift. Well, I am gradually coming to the view that thrift as we knew it is outmoded, out of date. I hear people complaining about the price of milk and of eggs, and asking how much the farmers get for these products, but if you say to them, "Why don't you cut down on your cigarettes or perhaps drink a little less liquor?" they will reply, "Oh, no." They want to be able to carry on, using as much of these things as ever, but they are demanding that the government subsidize milk or other farm produce. I think most senators were born and brought up in the "root, hog or die" age, when every boy and man was taught to work hard and save, and put away something for his old age. That custom is gradually passing away, if it has not already passed, and today our people are looking to the state, to the government, to take care of almost every phase of our life.

I maintain without fear of successful contradiction that our present system of granting pensions to people of sixty-five years or over, subject to a means test, penalizes thrift. The Honourable the Minister of National Health and Welfare, for whom I have a great deal of admiration, admitted this. In a speech which he made on the present bill in the other house on October 25, he said, as reported at page 381 of the *House of Commons Debates*:

> . . . there has been a growing feeling that there are inadequacies in our present program. Inevitably, it places a penalty on thrift.

The present bill which provides pensions for people who have reached the age of seventy, without subjecting them to a means test, may indirectly be giving some encouragement to thrift, but later on we shall have before us a bill to amend the Annuities Act. The Honourable the Minister of Finance, who explained the bill in the other house, stated that the annuities scheme offered people a chance to put by some money now so that upon reaching the age of sixty-five they would have something coming in and would not have to look to the state for help. I claim that such a proposal is somewhat similar to our present system of old age pensions, and will have the effect of penalizing thrifty persons.

In speaking to the motion for second reading of the Old Age Security bill here yesterday afternoon the leader of the government (Hon. Mr. Robertson) reiterated some remarks

made by the Honourable the Minister of Health and Welfare in the other house on October 25. Much as I admire the minister, I am sorry that he made those remarks. This is what he said, as reported at page 386 of the *House of Commons Debates*:

> Today, our way of life hangs in the balance as never before. We are disturbed by a challenge flung at us by the proponents of an alien and heartless system, who claim that only by that system can economic and social justice be assured to the great masses of the people of the world. This present measure, together with others of its kind, is part of our answer in Canada to that challenge.

Now, honourable senators, I will tell you why I am sorry the minister made that statement. It leaves the impression that one of the main reasons why we are improving our social security legislation is that we are attempting to meet the challenge of communism. I wish that view had not been expressed.

Although we are spending large sums of money on sending wheat and other aid to poorer countries such as Colombo and India, I am one of those who believe that we are overlooking the great desire and objective of most of the eastern peoples of today. Food for them is a necessity, and our gesture has been a splendid one, I will admit; but we need to remind ourselves of the fact that those peoples are on the march too, and that they desire to be looked upon and treated by us as equals. For hundreds and hundreds of years large masses of the peoples of Colombo and India have been living on a very low scale—heaven knows how low—and some of us think that by handing out to them some wheat and other things from our great abundance we shall stave off communism among them. Well, I beg to differ from that thought.

Now I wish to take a moment or two to outline why I believe that the monthly pension of $40 proposed in the present bill is not enough. When informing the other house that the Canadian Broadcasting Corporation expenditures which we are going to be asked to pass will bring the amount expended over the next five years to some $30 million, the Honourable the Minister of National Revenue stated that today our dollar is worth just 40 cents in comparison with what it was worth in 1936. There have been various quotations of the value of the dollar in terms of our pre-war economy, some saying it was 42 cents, some 48 cents; but the Minister of National Revenue, who is in a position to know the real value perhaps better than some, gave it as his opinion that today the dollar is worth 40 cents. If that is so, in fixing the monthly pension at $40 are we really being generous to the needy? Just before coming down to this chamber I obtained some information from one of the departments which will, I trust, be as interesting to others as it was to me. Back in 1934, when the allowance to needy persons who qualified for it was $20 per month, the total revenue from income taxes was $61,339,000. The year before the war, expenditures by every branch of government were in the neighbourhood of $850 million. Let us compare the $61,339,000 collected in income taxes in 1934 with the $1,513 million received from this source last year, and ask ourselves if what it is now proposed to give the very needy—and I repeat, the very needy, the poor—shows much magnanimity on our part.

Or let us consider the matter in the light of our national income. In 1934 gross production amounted to $2,381 million; last year the national income totalled $14,308 million, a rise of nearly 700 per cent. Previously there were no direct taxes; now it is intended to impose a tax to provide pensions for all citizens of the age of seventy years and over. Canada, one of the richest countries in the world, possesses an abundance of food. Our wheat production is sufficient to feed one hundred million people, and so plentiful are the fish off our shores, at any rate on the Pacific, that much of this product is used as fertilizer. We in British Columbia could not begin to sell for human consumption the quantity of herring caught off our shores. Everyone knows of the riches of our mines and the vastness of our forests. When one considers the wealth of this country, our achievements in various lines of endeavour, and the size of our national income compared to what it was when we were paying our needy $20 per month, one must conclude, it seems plain to me, that we are not doing nearly enough for our elder citizens who are in need. Will anyone here rise in his place and say that today $40 is sufficient for the bare needs of those in need? In the "hungry thirties" hundreds of thousands of good Canadians lost, through no fault of their own, all they had, and to my knowledge many honest, splendid citizens changed their views on social questions during the years from 1930 to 1935 because they were reduced to the distasteful necessity of standing in line to obtain relief.

There is a little concern mingled with my feeling of admiration of the system of taxation under this bill. It is so cleverly devised that few can find fault with the "2-2-2", which recalls the famous pill one takes to cure a headache. I cannot help wondering if it may not become a political football. In almost every election since 1930 the candidates of the various parties have announced, "Elect us to office and we will give you forty—or fifty—or sixty dollars a month." As I think I have mentioned previously, in

the by-election in the New Westminster constituency which followed my elevation to the Senate an opposition candidate had only one cry, "Sixty dollars at sixty", and if he had had a little more time for canvassing, the present Liberal member might not have been returned, because that slogan had considerable appeal to many people.

The sales tax, of course, is hidden, and we are used to it, but speaking as a layman I would say to the leader of the government (Hon. Mr. Robertson) and other honourable senators that to my mind the proposal with regard to the eight per cent sales tax in the bill is bad legislation. I will tell you why. It is something new in legislation when the sales tax, not 2 per cent but 8 per cent, is inserted as a final clause in a universal pension bill. If the bill is passed in this form, any amendments of the sales tax will involve the introduction of amendments to the general pension bill. I understand that a somewhat similar amendment of the Income Tax Act has been made; but it is something new and unique to have a sales tax section in a bill like the one before us. Probably no fault would have been found with the mere insertion of the 2 per cent charge; but the whole of the sales tax, the 8 per cent, has been included. I hope that before the bill is passed serious attention will be given to the clause to which I have just drawn attention.

I am not going to take more time this afternoon. I felt however that the importance of this legislation warranted someone getting up in the Senate and, speaking on behalf of the needy people of this country pointing out that in the light of our great national wealth, the immense increase in our national income, and the reduction of the dollar to about 40 per cent of its pre-war value, the suggested provision should be more generous. I am aware that quite a number of honourable senators are of opinion that high prices are a merely temporary condition. I do not believe that this notion is shared by the Minister of Finance, because a careful reading of his speech indicates that, in outlining the methods of taxation for the maintenance of this universal pension, he enumerated the sums of money he expected to collect thereby year after year. If one remembers that this legislation requires us to pay every year in the neighbourhood of $300 million, collected three ways, as well as to provide $365 million for family allowances, it is obvious that a decline in our national income and in production would make conditions very serious indeed. I have therefore no apology to make for having risen this afternoon to speak a word on behalf of the needy citizens of this country.

Hon. Mr. Crerar: Honourable senators, I move the adjournment of the debate.

The motion of Hon. Mr. Crerar was agreed to, and the debate was adjourned.

The Senate adjourned until Monday, November 19, at 8 p.m.

THE SENATE

Monday, November 19, 1951

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

Prayers and routine proceedings.

TRANS-CANADA HIGHWAY

INQUIRY

Hon. Mr. Reid inquired of the government:

1. Under the trans-Canada highway agreement with the provinces, what will be the total financial commitment for the dominion's share or portion of the highway through British Columbia?

2. Has any final decision been arrived at in regard to this highway from Chilliwack to Vancouver? If so, what is the total financial assistance which the dominion government will provide the provincial authorities for either widening, completing or constructing any proposed new section between these two points?

3. Has the Pattullo bridge been designated or agreed upon as part of the trans-Canada highway? If so, what financial asistance will the provincial government receive for the moneys expended in the construction of this bridge?

4. Has any route or routes been proposed or decided upon from the Pattullo bridge to the city of Vancouver? If so, what route has been agreed upon?

5. What proportion of the costs of the trans-Canada highway from the southerly end of the Pattullo bridge to Vancouver will be assumed or paid for by the dominion government?

6. Does the proposed route of the trans-Canada highway in British Columbia extend on Vancouver Island? If so, does the route extend from Victoria to some point on the westerly end of Vancouver Island? If not, what route has been decided upon?

Hon. Mr. Robertson: The answer is as follows:

1. Canada's share is estimated to be $37,500,000.

2. No final decision yet made on the location of all the sections between Chilliwack and Vancouver.

3. The route of the trans-Canada highway as designated by the province is from Langley to the east boundary of the city of New Westminster and from the west boundary of that city to the east boundary of the city of Vancouver. While no mention is made of the Pattullo bridge, it is understood this will be part of the route within the boundaries of the city of New Westminster. The extent of the financial assistance which the provincial government may receive for the money expended in the construction of the bridge has not been decided.

4. See answer to No. 3.

5. The portion of the cost to be assumed or paid by the federal government has not yet been decided.

6. The route of the trans-Canada highway on Vancouver Island has been designated in the agreement as follows:

"Commencing in the City of Nanaimo at the intersection of Ravine Street and Nicol Avenue on provincial highway number one; thence southerly along provincial highway number one through the City of Ladysmith, the City of Duncan to the northerly boundary of the City of Victoria, the western terminus of the Trans-Canada Highway".

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Wednesday, November 14, consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Vien for an address in reply thereto.

Hon. Cyrille Vaillancourt: Honourable senators, my first words will be with reference to our Sovereign. I pray that God will protect him and give him perfect health. The King for us is a symbol of authority, and of unity of the commonwealth and perfect co-ordination between all the members thereof. God Save the King! Vive le Roi!

Hon. Senators: Hear, hear.

Hon. Mr. Vaillancourt: My second reference is addressed to Princess Elizabeth and the Duke of Edinburgh. I heard today that the royal couple had arrived back home safe, and in an afternoon paper I saw this heading: "Love for Canada will never grow cold, said Princess." In return I beg to make this statement: "Love for royal couple will never grow cold, say all our people."

Hon. Senators: Hear, hear.

Hon. Mr. Vaillancourt: I wish also to address a few words to His Honour the Speaker. To you sir, I desire to convey my best wishes, and the hope that you will be spared for a long time to preside with your customary great dignity over the deliberations of this chamber.

Hon. Senators: Hear, hear.

Hon. Mr. Vaillancourt: I desire to congratulate the mover (Hon. Mr. Vien) and the seconder (Hon. Mr. Wood) of the Address. The mover gave us a realistic and objective speech, and the seconder presented to us certain aspects of the economic problem of his province.

I should like at this time to discuss inflation, a problem which faces all parts of our country, and this portion of my remarks I shall make in French.

(Translation):

I should like to say a few words on the unrest about which everyone is talking and complaining, but to which no one seems willing to apply the proper remedy.

Indeed, who does not hear today about the excessive cost of living, about inflation? To solve the inflation problem, everyone suggests his own remedy. Some blame the government and claim it should solve the problem; others accuse the monopolies and just about everybody else. But who would think of accusing himself?

To remedy an evil so grievous, which affects everybody, we must seek its causes and take the means necessary to remove them. If a person has a tumour that could develop into a cancer and does nothing to have it removed, the tumour will grow more serious and finally cause death. Certain remedies of course may be applied, a narcotic may ease the pain. One thing is sure, as long as the cause remains, the cure is impossible.

I shall attempt, if I may, to analyse the causes of the disease called inflation.

First of all, I would point out that the rise in prices in the past few years is not of the same type as the one that occurred from 1927 to 1929. If an economic collapse were to come, it would not happen as suddenly as in 1929. The inflation of today is not similar to the inflation of 1929 because, first of all, the present inflation does not stem, as in 1929, from speculation. The inflation from which we are suffering today derives from a war psychosis.

From an economic standpoint, there is always the law of supply and demand which plays a part in the setting of prices. Every war brings about inflation because production of war materials gradually supplants the production of consumer goods. Works for war purposes are not productive. As a result of the scarcity of consumer goods, supply being less abundant, prices begin to rise. Some may say we are not at war. No, we are not at war, but we must strive to organize our own defence, because an enemy is watching and waiting. If we fail to organize, the enemy may pounce on us and enslave us.

Therefore, the first cause of inflation is that ever-present threat of war which forces upon us huge expenditures to organize our defence. The Soviet are responsible. Furthermore, they plan, by resorting to cold war, to create economic chaos in all western countries, so that this confusion may give rise to local revolutions. It would then be easy for them to take over democratic governments and subjugate us. The truth is there: the first cause of inflation is Russia and her satellites.

The second cause of the unrest which exists in the world today is inflation due to the quest for pleasure on the part of too many people, and, alas, to laziness on the part of many others. People work less but want to earn more, believing that they will thus reduce the costs of production and the price of goods. It is illogical and nonsensical to say the least. Where people were previously working ten hours a day, they now work but eight, seven or even six hours; the rest is leisure. In most cases those hours of leisure are devoted to all kinds of expenditures which are sometimes quite frivolous and have many baneful consequences. Hundreds of millions of dollars go into the purchase of liquor, beer and soft drinks. All these things upset and weaken the system.

Sad to relate, milk, a pure and vital food item sells for twenty cents a quart. And yet more money is spent on beer than on milk. More money is spent in Canada on beer and alcoholic beverages than on butter and milk. And yet people complain that milk is too expensive! It would be very surprising to find out in how many families milk comes after beer, when, indeed, it is not replaced by it entirely. How illogical this is; we want the cost of living to go down and yet we do everything we can to make it rise!

The third cause of inflation is the overcrowding of cities. Fifty years ago 70 per cent of our people lived in the country, 30 per cent in the cities. Today, the reverse is true. It so happens that 30 per cent of the people must feed the other 70 per cent. With such a lack of balance, no wonder that prices rise and that people are so unreasonable. Without being pessimistic, I wonder how the human race will be able to feed itself in a few years. Possibly we may have synthetic products which will seek to replace natural products. How far will they succeed? There is a real danger here to physical and moral health. Fresh lemonade made with real fruit juice is infinitely tastier and healthier than any artificial preparation. I am not predicting anything, but in my mind's eye I can see the people living on the land in a few years. How happy they will be, how simple their life will be compared to ours, and how quietly they will be able to enjoy their great liberty. It is difficult to turn a city dweller into a farmer, and we cannot expect city-bred people to return to the farm; but at east let us do all we can to make our farm youth stay on the farm.

Such are, in my opinion, the three main causes of inflation. Of course, such remedies as can be applied cannot remove the causes of inflation overnight. However, if every one personally made an effort, in his home and in his neighbourhood, to correct the evil of which we complain, some progress could be achieved within a few years and things would be much better.

The government is being asked to control prices, but wage controls are not wanted.

The farmer wants price controls on what he buys but not on what he sells. Everywhere the same selfishness is apparent. People are prepared to control others but not to control themselves.

Do you want another instance of a lack of logic? A group of fairly important business men are pressing hard to prevent price controls. At this very moment, we are being flooded with circulars stating that manufacturers, and even retailers, should and must control the price of their goods. There are people who do not want government control of prices but who want the price of the things they buy to be controlled. Thus we skip from absurdity to absurdity, from inconsistency to inconsistency, and we fail to realize that such behaviour is at the root of the difficulties we run into whenever we try to solve this problem. Do we imagine the world will be the better for it?

I have referred to "price controls". I believe I can speak with some authority in this matter because during the last war I spent four years on the Wartime Prices and Trade Board. In those four years what vexations, what insults we had to bear! Those who at that time called me a czar, a dictator, a monopolist and so on, are now loudly demanding price controls. Another inconsistency!

In wartime everyone, like the soldier, must serve and obey. During the war the prices board rendered invaluable services and, necessity being the law, drastic measures had to be taken to insure the best possible distribution of available goods, in necessarily reduced quantities, in order that every one might get at least the essential minimum. We fought to prevent dictatorship and to preserve liberty. Do people today demand such drastic measures? Are they ready to renounce their liberty because they have neither the courage nor the energy nor the will to control themselves?

During the war, despite the rigid controls set up by the prices board, how many people broke the law, how many sought by all means to evade controls? Price control in peacetime? We would run the risk of seeing a whole army organized—the army of profiteers and bandits—that would take control of the black market. A handful of men would make millions at the expense of the people of small means. That does not mean that there is nothing we can do. As a matter of fact, the government, by means of temporary measures, are trying to control inflation, and they ask every one to act more reasonably.

Credit restrictions, in my opinion, are one of the efficient measures adopted by the government. The 1929 depression was caused by an inflation of credit. Although people were practically penniless, everyone played the stock market, as only 10 per cent of the cost of the shares bought had to be paid in cash. Every one knows what a disastrous end these unbridled operations lead to. The future beongs to God alone. Men have forsaken Him and turned to the golden calf, and met with disaster.

Other measures will be applied which, I hope, will bring some stability, and thus check and even dispel inflation. I may be told: "According to your reasoning, to stop our defence program would mean deflation, unemployment, etc". There is no need to go from one extreme to the other. One day, after a conference, I heard someone ask his federal representative whether people were better off now in the midst of inflation than in 1932 when there were plenty of unsold goods. There again the answer is easy, but I repeat that it is not a matter of choosing between two evils. It is quite possible to keep a happy medium and adopt a reasonable way of living.

The world would be in a much better shape if all the energy devoted to the discovery of new implements of war was diverted, instead, to develop our world economy. Why is it that in 1932 or 1935 various countries were burning their food surpluses, while in other lands men were starving to death? Why? Because of poorly organized distribution, lack of education, inadequate means for the transportation of goods from their source of production to wherever they were required to keep human beings alive. It is easy to imagine what tremendous activity would reign for years if everybody did his best to establish a sound economic system. This is the purpose of agricultural economists. Let everyone do his share, and cut down a little on a standard of living that is often extravagant. My generation knows by experience that before the first world war people were reasonably well off because a dollar was worth a dollar. Everyone lived according to his means, without dreaming of indulging in luxuries.

In conclusion, all those alarming problems which threaten our economy and our future could be settled if all the nations of the world understood and applied the great principle of charity: "Love thy neighbour". Instead of requesting the government to establish price controls, everyone should practice self-control and exercise some restraint and moderation in his life. Then this earth would be a better place for our having lived on it, because society is what we make it and nothing else.

I have faith in my country as I have confidence in the wisdom and vision of our great Prime Minister, who will not hesitate

to ask the Parliament of Canada to pass whatever legislation may prove necessary to the greatness and prosperity of Canada.

(Text):

Hon. Mr. Aseltine: Honourable senators, I move adjournment of the debate.

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

TRANSPORT AND COMMUNICATIONS COMMITTEE

NOTICE OF MEETING

On the motion to adjourn:

Hon. Mr. Hugessen: Honourable senators, may I direct the attention of members of the Transport and Communications Committee to the meeting which has been called for 11 o'clock tomorrow morning? I understand that representatives of the City of Winnipeg and of the Winnipeg Board of Trade wish to make certain representations about freight rates legislation now before parliament.

Hon. Mr. Haig: May I ask the honourable gentleman where that city is?

Hon. Mr. Hugessen: I understand it is somewhere about one thousand miles west of Montreal, and that that is its principal claim to fame.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, November 20, 1951

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

Prayers and routine proceedings.

NEWSPAPER REPORT

QUESTION OF PRIVILEGE

On the orders of the Day:

Hon. Mr. Horner: Honourable senators, I rise on a question of privilege. In an article in the Saskatoon *Star-Phoenix* I notice that my age is given as 76. Well, the two figures are right, but they are placed in the wrong order. However, that is not as great an error as was made by a young lady from Blaine Lake who, in applying for a marriage licence, transposed the figures for her age and stated it to be 81.

OLD AGE SECURITY BILL

SECOND READING DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill 13, an Act to provide for Old Age Security.

Hon. Ray Petten: Honourable senators, it is now twenty-five years since Canada's first attempt to enact old age pensions legislation was blocked in this very chamber. The fact that the present measure is the direct result of the unanimous recommendations made last year by a committee in which eleven senators participated is indicative of the change of heart that has taken place here.

I cannot refer to the joint parliamentary committee on Old Age Security without paying special tribute to the work of one of its joint chairmen, the honourable senator from Kootenay East (Hon. Mr. King)—

Some Hon. Senators: Hear, hear.

Hon. Mr. Petten: —who a quarter of a century ago introduced the original Old Age Pensions Act in the other place. It must be a great source of pride and satisfaction to the honourable senator and his Senate colleagues on that committee to see their recommendations definitely crystallized in the measure now before us. These recommendations were put forward after the most careful deliberation.

It is sometimes thought in certain quarters that the appointment of a parliamentary committee—and, more particularly, one representing both houses—indicates either that the government has no intention of doing anything about a problem, or that it does not know what to do. The Joint Committee on Old Age Security is an outstanding example of this misapprehension of the proper functions of a parliamentary committee.

That the government had no intention of shelving the problem of providing a greater measure of old age security is obvious from the energetic way in which the committee was encouraged to set to work, and also from the promptness with which its recommendations were accepted and are now being implemented. Less than three months after the committee had been set up, a report, running to more than 100 pages, and based on the committee's printed record of proceedings and evidence amounting to more than 1,300 pages was submitted to the government with a unanimous recommendation for a two-part old age security program. As to the second suggestion—that the government referred the problem to a parliamentary committee because it had nothing constructive to suggest itself—I need only remind members of this chamber that the final recommendation of the committee coincided almost exactly with the proposals made by the federal government to the provinces in 1945.

While the speed with which the committee carried out its deliberations and arrived at its conclusions is quite remarkable, subsequent action by the Government to implement its findings is, I think, no less remarkable. We must not forget that in order to carry out these recommendations in full, it was necessary to obtain the agreement of eleven governments in Canada to a basic amendment to the Canadian constitution. The consent of His Majesty's Government in the United Kingdom was also required in order to amend the British North America Act to permit the federal government to institute a contributory system of old age security. When it is considered that in spite of all the involved questions relating to the constitutional division of authority and responsibility, the Old Age Assistance Act was actually on our statute books within a year from the presentation of the committee's report; and now, a short four months later, the Old Age Security Act is before this chamber for ratification, I think we have a striking example of how an energetic government can get quick results within the framework of our democratic processes.

Old age security is a complex problem with many social and economic implications. In charging the committee with the serious responsibility of considering this matter, the

intention of the government was made abundantly clear. Let me recall the words of the Minister of National Health and Welfare in speaking on the resolution to establish this committee, on Friday, March 10, 1950. He said:

> What we wish to do is to develop, within the limits only of the financial capacity of our people and with due regard to our over-all commitments in all fields of social security and other governmental responsibilities, the simplest, most effective and most humane system of old age security that it is possible for us to devise.

A government's intention could not be made much clearer than that.

It is unnecessary at this stage to review in detail the committee's recommendations. On page 108 of its report the committee concluded that, all things considered, the most suitable old age security plan for Canada would consist of the two-part program which is embodied in the legislation before us at the present time and the Old Age Assistance Act passed last June.

The timing of the committee's report was most significant. Tabled three days after the forces of North Korea crossed the 38th parallel, and the very day that the members of the United Nations were deliberating on the resolution of the Security Council that they "furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore international peace and security in the area", it might have found its ways into the limbo of forgotten things. However, notwithstanding the gravity of the international situation and the extra demands thus imposed on the Canadian economy, the government determined to go ahead with its plans to provide better for old age security. In doing so, it showed commendable courage. It was evident that the need for stepping up the defence program to hitherto unprecedented proportions would place a difficult strain on the nation, would add to inflationary pressures, and would increase the burden of taxation. The government decided, however—and I think wisely—that the question of old age security was a matter of the highest social priority and could not be postponed until general economic conditions became more favourable, without placing undue hardship on a considerable group of Canadians.

In the months between Korea and the passage of the Old Age Assistance Act, the Prime Minister and members of his cabinet repeatedly made the government's position quite clear—that it was anxious to proceed with the new program of old age security with the greatest possible despatch. It has also been emphasized by responsible Canadians, both within and without the government, that the strengthening of our social measures is in the long run a part of our defence effort against those systems that place the welfare of the state above that of the individual citizen.

The general outlines of the two-part program are by this time quite clear, but I think something might usefully be said here about the extent of coverage, the financial implications and the division of government responsibility in this program.

As every member of this chamber knows, the means test pension for those aged 65 to 69 will be paid under the authority of the Old Age Assistance Act, and will be administered by the provinces and financed jointly by the federal and provincial governments. It is expected that this part of the program—if each province enacts parallel provincial legislation—will benefit some 145,000 persons aged 65 to 69. The costs are likely to run somewhere around $64 million, which will be shared equally by the federal and provincial governments.

The Old Age Security Act itself provides for old age pensions to those of 70 and over who are able to satisfy a very reasonable residence requirement. It is estimated that more than 700,000 Canadians will benefit from this measure next year. This program, of course, is entirely federal, and will cost in the neighbourhood of $343 million a year. With the increasing age of our population, because of advances in medical science and improvements in health services, it is altogether likely that the numbers of old age pensioners and, consequently, the cost of the program will increase progressively with the years.

What this program will mean in my own province of Newfoundland can best be seen by an examination of the figures. It is estimated that some 5,400 in the 65 to 69 age group will be eligible for old age assistance, at a cost to the federal and provincial governments of $1,250,000 each. In the 70 and over group about 14,000 will benefit, at a cost to the federal government of $6,250,000. The federal share for both programs will be in the neighbourhood of $7,500,000.

The measure envisaged in the bill before us and in the Old Age Assistance Act already enacted is no casual program, irresponsibly invented to provide a convenient outlet for government surpluses. It is, rather, the tangible expression of a growing awareness on the part of the government of its social responsibilities. Fifty years ago, in a much simpler society, there was little need for old age pensions, but in today's urban and highly-industrialized society there is an urgent need for organized social action to correct the imbalances and inequalities of our system.

In my mind, there were three compelling reasons for the introduction of this new pension program. For these three reasons it should commend itself to the support of every member of this chamber.

The first of these is the ageing of our population. Let us for a moment look back to what has happened to the life expectancy of our people in the years since the first Old Age Pensions Act was placed on our statute books. In the 16 years from 1931 to 1947, the average life expectancy of new-born males increased five years, from 60 to 65; and for new-born females the increase was even greater, from 62 to 69. In 1931 the number of persons in Canada over the age of 65 was 576,000, or one in every eighteen of the total population. This year there are approximately 1,100,000 persons of 65 or over, or about one in every thirteen of our population. Moreover there is every indication that this trend towards a more aged population may reasonably be expected to continue through the decades ahead. The parliamentary committee estimated that by 1971 the number of persons of 65 and over will have risen to 1,630,000.

This increase in the number of our aged population, coupled with the growing dependence of the average family on the industrial wage, has made it urgently necessary for us to develop in this country, not a minor program to care for a relatively small group of needy old persons, but a major social and economic measure. In recent years it has become clearer than ever before that for a great many people it is literally impossible to save enough to provide adequately for old age. Since it is not possible for them to do this individually, the Canadian government has recognized that it can only be done through concerted action on a community basis.

For the second reason for the introduction of this program we must look to the essential character of the Canadian people. Canada is a country that has been brought to its present eminence through the resourcefulness, self-reliance and initiative of its people. Canadians are proud and independent. To many Canadians the old means test pension was humiliating, and in a good many cases they preferred not to apply for it. This new measure does not offer to our senior citizens any crutch of social aid, but a self-respecting pay-as-you-go system under which pensions are available to all as a matter of right.

The third reason for introducing this legislation stems from a basic weakness in the old system, under which the means test discouraged foresight and thrift. The prudent person who put something aside for a rainy day was inevitably discriminated against, because his very prudence frequently made it impossible for him to surmount the barrier of the means test. The pension provided under the Old Age Security Act requires as its only condition of eligibility proof of age and a certain minimum period of residence in this country. Thus, the thrifty person is not discriminated against in any way. Indeed, the new pension simply provides a foundation upon which individual Canadians can build their own personal savings programs. The Minister of National Health and Welfare has clearly outlined the way in which the new pension can be integrated into the existing pattern of retirement provisions provided by individuals, by employers, and in other ways. I understand that amendments which are being introduced to the Government Annuities Act will offer greater flexibility to purchasers of government annuities in order that they can plan a retirement program built around the old age pension. As the broad pattern of Canada's old age security program becomes more clearly understood, I believe that there will be planned efforts on the part of both management and labour to encourage the adaptation of existing industrial pension plans to take account of the federal old age pension.

When this measure was being debated in the other place, there was a wide area of agreement among all parties as to its desirability. This was to be expected, for the parliamentary committee, which was representative of all political affiliations, displayed a greater degree of unanimity than do most similar bodies.

While every party in opposition voiced the opinion that this Act is an historic measure and a great forward step in Canada's social progress, it is only natural that some minor criticism should be directed against the actual provisions of the bill. I think it is fair to say that the criticism offered during the Commons debate concerned itself with three main points:

(1) The pension isn't high enough—it should be $50 or $60 a month instead of $40;

(2) The age of eligibilty is too high—it should be 65 or 60, instead of 70;

(3) The administration of the Act—particularly with reference to the complex question of proof of age.

I should like to say a few words about each of these three criticisms.

First of all, the suggestion that the pension should be higher. There is no doubt that it would be a wonderful thing to give every Canadian $50 a month at the age of 70. If we could give $60, so much the better. But in any social measure we must be realistic. As the honourable the leader of the Senate (Hon.

Mr. Robertson) has so well emphasized, there is no magic formula for social security. Work is the only source of social security. Those who feel that the present measure is inadequate in terms of the amount of benefit paid should stop and consider the cost. As I mentioned earlier, the total cost to the federal government of the new age pension, along with its share of old age assistance, will be about $375 million to $377 million next year. This is a great deal of money, and every dollar of it must come out of the pockets of individual Canadians. To finance the program in its present form, Canadians will be asked to pay 2 per cent more on their personal income tax. A further tax of 2 per cent is being added to the already heavy taxes on corporation profits, which in the final analysis must be paid by consumers. Finally, a portion amounting to 2 per cent of the present 10 per cent sales tax is to be ear-marked for the Old Age Security Fund. If Canadians want higher pensions, they will simply have to pay higher taxes. With regard to the level of benefits paid, I think it should also be emphasized that, to my knowledge, it has never been the intention of the federal government to take over complete responsibility for the retirement security of Canadians. Any government plan should be adequate to provide for minimum maintenance in old age, but it should not and could not be designed to replace or supplant individual personal savings.

Let me now say a word about the second criticism that has been directed towards this program—that the age of eligibility should be lowered by five or ten years. It has been suggested that if the principle of universality is valid at age 70, it should be equally valid at age 65. I believe this does not necessarily follow, for the problem of those in the 65 to 69 group is essentially different from that facing most people at the age of 70, the vast majority of whom are retired and no longer in the active labour market. A good many people between 65 and 69 are still active and self-supporting. With the progressive improvement of our health services, and as medical research finds the solution to more and more of the diseases of later life, the numbers who will be able to make a useful contribution to our national production will continue to increase. At this time, when in the interests of national security we are engaging in the most ambitious peace-time defence program in our history, I believe it would be most unwise to give any inducement to premature retirement. It should be remembered, too, that anyone between 65 and 69 who is in actual need will be eligible for old age assistance.

The third criticism that has been levelled at this bill by the opposition does not concern the bill itself, but rather at its administration by the Department of National Health and Welfare. There has been much talk of lawyers and family Bibles—the latter, at least, commendable; indeed, the erudition of legislators on Biblical matters is most reassuring. It will be recalled that last June authority was given to the Minister of National Health and Welfare to proceed with the registration of pensioners in anticipation of the enactment of this legislation. While some older members of our population have undoubtedly experienced some difficulty in proving their age, I think most reasonable Canadians would agree with no hesitation that the department has done a magnificent job in its advance registration.

There will be something over 700,000 persons eligible for old age pensions. Of these, more than 300,000 are already receiving means test pensions under the present Old Age Pensions Act. The department made arrangements with provincial pension authorities so that these 300,000 persons might be transferred automatically from provincial pension rolls to the new old age pension without requiring any further application.

For the remaining 400,000 or more persons 70 years of age and over, a very simple application form has been made available in every post office in Canada. I understand that about 300,000 applications have already been received in the ten regional offices, and that further applications are coming in at the rate of about 9,000 a week. Already more than two-thirds of these applications have been fully approved. Right now I believe the department has completed all the necessary investigations to begin pension payments for about 500,000 of the 700,000 who are expected to be eligible.

It would, of course, be unrealistic to say that there have not been certain difficulties in the proof of age. There have been. A person who was born 70 years or so ago may have been born in a province that had no vital statistics, he may have been born in another country, or his origins may be shrouded in mystery. Surely the Department of National Health and Welfare cannot be blamed because a parish church has burned down, because a Canadian province did not exist in 1871, because some province or other maintained no vital statistics at that time, or because a family Bible has been lost. From time to time, I have had occasion to make inquiries on behalf of certain residents in my own community, and I must say that I have had nothing but the most courteous co-operation from officials of the Department

of National Health and Welfare, both in our Newfoundland regional office and at headquarters in Ottawa.

Bearing in mind that the approval of one pension application commits the Government to an expenditure of perhaps $5,000 over a period of years, the registration and proof of age of nearly three-quarters of a million old age pensioners is one of the toughest administrative tasks ever undertaken by a government department. That it has proceeded as smoothly as it has, and with only a very small addition to the staff of the department, is a splendid tribute to the Minister and Deputy Minister of the department, and to every one of its officers and employees.

In speaking in support of the Old Age Security Act, I do so because I believe that it is one of the most comprehensive measures ever taken by any government to provide better security for its senior citizens. It is a reflection of Canada's full acceptance of the principles of social justice. It is a mark of our determination to provide for hundreds of thousands of Canadians who have made an honoured contribution to this nation's development, a greater measure of old age security than has ever before been possible.

Hon. Mr. King: Honourable senators, I move the adjournment of the debate.

The motion of honourable Mr. King was agreed to, and the debate was adjourned.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of honourable Mr. Vien for an address in reply thereto.

Hon. W. M. Aseltine: Honourable senators, my chief reason for taking part in this debate is to bring the attention of this chamber to the sorry plight of many of the farmers in the three Prairie provinces. Before doing that, however, I would offer my congratulations to the mover (Hon. Mr. Vien) and the seconder (Hon. Mr. Wood) of the Address in Reply to the Speech from the Throne and compliment them on their able speeches.

I take this opportunity to associate myself with what has been said about the recent visit of Their Royal Highnesses, the Princess Elizabeth and the Duke of Edinburgh. Yesterday, after listening to the fine address made by Her Royal Highness before the Lord Mayor's dinner in London, I felt assured that at least so far as she and the Prince were concerned, their visit to Canada was an outstanding success. She praised the people of this country for the reception they had given her and her husband.

I understand that when a Newfoundlander talks about things back home he is said to be "talking cod." So today, for a while at least, perhaps I will be permitted to "talk cod." The honourable senator from Regina (Hon. Mr. Wood), in his speech before the recent recess, brought the attention of the house to the problem of the Western farmers. I knew at that time that the harvest was delayed, but having my own wheat threshed, I did not fully realize the seriousness of the plight of others. On my way home during the recess I made certain observations. I found that even in the Province of Manitoba, with its fine climate—

Hon. Mr. Hayden: What about the city of Winnipeg?

Hon. Mr. Haig: Our crop is threshed.

Hon. Mr. Aseltine: —the farmers had not completed threshing. I observed that along the main line of the Canadian National Railways about 10 per cent of the crops were unthreshed; and I was told that in the northwestern part of the province 40 to 50 per cent of the grain was still in the fields. Notwithstanding the fact that some damp and tough grain has since been threshed, I am advised that at the present moment conditions in Manitoba are much the same as they were when I saw them.

I found even worse conditions in the Province of Saskatchewan. During the three weeks I was there I saw very little sunshine. The sun would come up in the mornings for about an hour, and then the sky would cloud over and spit rain or snow for the rest of the day. Little or no threshing was done in that province during the period of my visit. In the southern part of Saskatchewan where I live we had one fair week early in the season, and we were able to do a good deal of our threshing; but there are many farmers who today have a thousand acres of wheat lying in the swath. The honourable senator from Ponteix (Hon. Mr. Marcotte) tells me that the crop on his farm in southwestern Saskatchewan is still under snow, and I have received letters from people in the northern part of the province, in such places as Tisdale and Melfort, where the crop yield is from 40 to 50 bushels an acre, informing me that some 60 per cent is under the snow and will not be threshed until spring. Some of this grain is in the swath—that is lying on the ground; the remainder of it is standing.

As honourable senators know, we in the West no longer thresh our grain in the old

way. Today very little wheat is cut with the binder. Binder twine is now 30 cents a pound or more—

Hon. Mr. Horner: It is 39 or 40 cents a pound.

Hon. Mr. Aseltine: —whereas it used to be 14 cents. The cost of operating a farm is greatly reduced by the use of the combination thresher. The procedure is either to cut, thresh and elevate the grain in one operation, or to use a swather to cut the grain, leaving it on the stubble with the heads up, to cure, to be picked up and threshed about a week later. Grain in the swath, except in very low areas where water may lie, may be threshed in the spring, and in my opinion such grain is in better shape today than is standing grain, much of which will be shelled out by the winter winds.

The cause of all this difficulty was the very late spring. Just as we were getting ready to sow our wheat a 15 inch snowfall caused a delay of two weeks. In June the weather was dry. In July the rains began. They did not stop early in August, so that the grain could ripen, but continued through that month. Both rain and snow fell in September and October, and it was snowing in the early part of November when I left to return to Ottawa.

Honourable senators will realize from what I have said and the speech of the honourable senator of Regina (Hon. Mr. Wood), that the farmers of the three prairie provinces are in a sorry plight, and are going to suffer terrific losses. The latest government report is to the effect that the crop will be 560 million bushels, but I venture to say that when finally harvested it will be less than 400 million bushels, with a loss to the farmers of from 150 to 200 million bushels. If you remember that this promised to be the only good crop that many farmers have had since the year 1942, you will understand what conditions this year mean to them.

I would further point out that when the first threshing was done the grade generally, was No. 1. Then the weather changed, the grain was bleached, and some of it sprouted in the swaths, with the consequence that the grade fell to No. 2. A little later no grain above No. 3 was harvested; and when I left, all was going No. 3 tough, No. 3 damp, or worse. Honourable senators from other parts of Canada may not realize what is implied in these reductions of grade. For example, if your grain is tough you lose 4 cents a bushel, but if it is damp you lose an additional 14 cents, so that in the result you receive about 18 cents less than you would get for the straight grade.

Hon. Mr. Burchill: Is that the amount it costs to dry it?

Hon. Mr. Aseltine: I am coming to that. The trouble is that we have not sufficient facilities for the drying of four or five hundred million bushels of wheat. What are known as internal or storage elevators are located at Saskatoon, Moose Jaw, Edmonton, Calgary, and, I believe, Prince Rupert.

Hon. Mr. Buchanan: There is one at Lethbridge.

Hon. Mr. Aseltine: The total drying capacity per day of all these internal storage elevators, operating on a twenty-four hour basis, is only 50,000 bushels.

Hon. Mr. Euler: Does the drying process restore the grain to its original grade?

Hon. Mr. Aseltine: It might raise the grade 3 damp to grade 3, but it would not raise it to a higher grade, even though the wheat weighed over sixty pounds to the bushel

My point with regard to drying is that greater drying facilities in our internal storage elevators are needed. It is true that the facilities in the big elevators at the head of the lakes are comparatively good, but our elevators are full of last year's crop and the early thresh of this year; box cars are scarce, and there is no way of getting to the lake-head elevators for drying the wheat which is being threshed tough and damp. It must therefore be left on the farms all winter, and although it will keep so long as the frost is severe, we fear that it will spoil before it can be transported to some place where it can be dried. As the combined drying facilities on the prairies and at Prince Rupert cannot handle more than 50,000 bushels a day, it takes at least twenty days to dry only a million bushels, so honourable senators can estimate how long it would take to dry a crop of 400 million bushels.

The question is, how are these farmers going to finance over the winter? What are we going to do? A great deal has been said about this in the other place, but very little in this chamber; and I have not been able to find out what the government intends to do. In my opinion the problem is the responsibility of not only municipal and provincial authorities, but of the federal authorities as well. I believe that the banks would be willing to lend money to the farmers if the credit restrictions which were imposed last spring by the Bank of Canada were removed or modified. A man who has a good crop on his farm, in swath or in the granary, should be able to borrow from his bank a reasonable amount of money with which to carry on. I understand, however, that the banks

are prohibited from taking security on grain before it is warehoused, so that such loans as they might make would be only on the security of the farmer's note, and possibly on nothing more. I hope that the problem will be solved, and that something will be done immediately. It is true that the 28 or 29 cents a bushel to be paid some time between now and the end of the year on the 1950 crop, will help our producers. But last year in very many districts the crop was not good, the farmers did not market much wheat, and the returns these people will receive on the basis of 28 or 29 cents per bushel will not be very great.

Then there is the seed problem. It has been estimated, I believe, that of the entire Western crop not more than a million bushels of wheat will grade No. 1. This is a serious matter, especially when it is remembered that from forty to fifty million bushels of wheat are needed to put in the crop next spring. I believe that right now, not next spring after the grain has been shipped to the head of the lakes, the government should make provision to hold in the three western provinces enough grade 2 and grade 3 wheat to take care of seeding requirements in 1952.

That is all I have to say about the plight of the farmer.

There is another matter I should like to bring to the attention of the house. It is referred to in the Speech from the Throne, as follows:

> The commission to consider whether the economic and social returns to the Canadian people of the investment in the proposed South Saskatchewan river project would be commensurate with the cost has been appointed and is pursuing its studies.

Some of us thought all that had been done several years ago. The chief issue in the last Saskatchewan provincial election was this South Saskatchewan dam and irrigation project and the hydro-electric power which it would provide for the province. The South Saskatchewan is a large river, rising away up in the foothills of the Rocky Mountains and flowing through Alberta and central Saskatchewan before turning north and flowing into the North Saskatchewan a short distance east of Prince Albert. Its banks are very high, and in the opinion of the people of Saskatchewan this whole project is quite feasible. If and when the dam is constructed it will provide a water supply for the cities of Moose Jaw and Regina, and it will mean that the great area in central Saskatchewan which has been dry for so many years, but where the soil is very good indeed, can be irrigated. It also will be capable of developing a great deal of power. As I have said, we thought this question had already been decided, and that it was just a question of where and how the dam should be built. But the Speech from the Throne would indicate that this is not the case, and that possibly the whole project will not be proceeded with. While it may not have been necessary this year because of an abundance of rainfall, I am entirely in favour of the project going ahead, because it could have the result of making the whole area one of the most productive in Canada.

Another matter that I wish to bring to the attention of the house is this. In spite of the poor season we have had in the three prairie provinces, certain of our farmers have been able to save enough good grain to compete in the Royal Winter Fair at Toronto. In November, 1949, I brought to the attention of this house the fact that Mr. Albert Kessel of Rosetown had become known as the World Rye King, having won the world's prize for rye, not only at Toronto but also at Chicago. Last year, 1950, Mr. Kessel was not so successful with his rye, but he won the barley and flax championships at Toronto. Something happened to his exhibits, and they did not reach Chicago in time for competition, so we do not know whether they would have been as successful there or not. However, this year Albert Kessel has again been named the Rye King, his exhibit being awarded first prize in the Toronto show, where he received a trophy valued at $1,000. He cannot keep this, of course, but he received $240 in cash and a silver tray valued at $100. His exhibits of Prolific rye, Hannchen barley, Redwing flax and Apex wheat, have been sent to Chicago to be judged. My efforts are directed to the growing of wheat, but I want the house to know that the grains to which I have just referred can be grown on the Rosetown plains, and that ours is not entirely a wheat-growing district. I want to pay tribute at this time to Albert Kessel for his energy, ingenuity and the great interest he takes in the matter of growing good seed.

I turn now to taxation. I believe honourable senators have received this document entitled *Taxation Statistics of 1951*. At pages 131, 132 and 133 will be found certain interesting figures. I am still "talking cod". These figures disclose that for the year 1949 the farmers of the three prairie provinces paid in income tax more than five times the amount paid by all the farmers of the rest of Canada.

Hon. Mr. Euler: The western farmers could not have been so unfortunate then.

Hon. Mr. Aseltine: That is for 1949. I do not say that the farmers of Ontario, Quebec and the Maritime Provinces are not

filing proper returns or are failing to pay their share, but it is hard to convince the farmers of the Prairie Provinces that this is not so. I shall place these figures on record to indicate why the western farmers feel as they do. These statistics, which apply to the taxation year of 1949, are as follows:

Quebec, 200 farmers paid.....	$ 51,000
Newfoundland, 10 farmers paid	2,000
Prince Edward Island, 80 farmers paid	4,000
Nova Scotia, 160 farmers paid	33,000
New Brunswick, 120 farmers paid ...	11,000
Ontario, 8,010 farmers paid	1,940,000
Manitoba, 6,590 farmers paid	1,585,000
Saskatchewan, 20,080 farmers paid ...	6,647,000
Alberta, 15,980 farmers paid	7,153,000
British Columbia, 1,650 farmers paid .	544,000

Hon. Mr. Euler: Could the honourable senator make a comparison between the total income tax paid by the people of the Province of Ontario and that paid by the people of the Province of Saskatchewan?

Some Hon. Senators: Oh, oh.

Hon. Mr. Aseltine: I knew my honourable colleague from Waterloo (Hon. Mr. Euler) would bring that up. I am just referring to farmers. It is quite obvious from this document that the people in Ontario and Quebec, apart from the farmers, pay the greater part of income tax of the Dominion of Canada.

Hon. Mr. Campbell: Do the statistics show what part of that revenue is from oil production?

Hon. Mr. Aseltine: I did not go into that. The figures cover farmers, fishermen, doctors, dentists, lawyers, osteopaths and so on. I do not think there is any oil involved here, nor do I think the figures I have given include the income derived by merchants, doctors, lawyers and others from farms which they have rented out. I believe this income is shown as investment income, and that otherwise the figures I have given would be higher.

Hon. Mr. Vaillancourt: May I point out to the honourable senator that the farms in Western Canada are not the same size as those in Ontario and Quebec.

Hon. Mr. Aseltine: I realize that some of your farms are small, but you also have some big ones.

Hon. Mr. Vaillancourt: There is a lot of mechanized farming in the West.

Hon. Mr. Aseltine: I want to show honourable senators how the income tax authorities handle things out West. For example, when a farmer takes a load of grain to the elevator and gets a cash ticket for it, that is not the end of the matter. The Wheat Board, which keeps a record of every bushel of grain that a farmer markets, forwards a copy of that ticket to the Income Tax Board, and the farmer has no way under the sun of avoiding the payment of income tax.

Some Hon. Senators: Oh, oh.

An Hon. Senator: Should he have?

Hon. Mr. Aseltine: Does that kind of thing take place in Ontario, Quebec and the Maritime Provinces? I do not think so. The figures I have quoted would indicate that there is something wrong. Do you mean to tell me that if all the farmers in the East had filed proper income tax returns for 1949 the Ontario farmers would have paid only $1,940,000 in taxes, or the farmers of Prince Edward Island would have paid only $4,000?

Hon. Mr. Golding: They gave their potatoes away, though.

Hon. Mr. Aseltine: I do not say they did not. At all events, it looks suspicious.

Here is another thing. They even get our farmers after death.

Hon. Mr. Nicol: Does the amount of tax paid on wheat profits in the West reflect the bonus received from the government?

Hon. Mr. Aseltine: Yes, we pay a tax on that too. We pay on everything.

I was just going on to say that the income tax people even get money from a western farmer after he is dead. To show what happens, let us take the case of a man who has filed his income tax return faithfully every year and paid his tax. When he dies his executors file a return with the Succession Duties Branch, and a copy of that document is turned over to the Income Tax Branch. The income tax officials look over that, and they say, "This man could not have paid all his income tax or he would not have had so much money now." So they write to the executors and say, "We want you to explain how it comes about that the deceased left an estate of $40,000"—or whatever the amount may be—"and he paid only a certain amount of income tax." Well, the poor executors go to work and try to get an explanation; but of course the farmer did not keep very good books, and they are at a loss to show why he did not pay more income tax.

Hon. Mr. McKeen: Does this happen in Manitoba?

Hon. Mr. Aseltine: In the three Prairie provinces.

Hon. Mr. Euler: It is not peculiar to any one province.

Hon. Mr. Aseltine: I think that it probably happens in every province, but I am simply giving an example of how it affects farmers.

Hon. Mr. Fogo: It is not limited to farmers.

Hon. Mr. Aseltine: Then the Income Tax Branch requests the executors to file a net worth statement for each of the last ten years. The executors dig around and get all the information they can, and file the statements, whereupon the Income Tax Branch makes an arbitrary assessment against the executors, in many cases mulcting them in an additional tax of $10,000 or $15,000.

And not only are copies of the tickets sent by the Wheat Board to the Income Tax Branch, but inspectors galore come out from the district offices and go around to the farms, checking and re-checking. For a long time now we have been of opinion that we could very well do without a lot of those inspectors.

Some Hon. Senators: Oh, oh.

Hon. Mr. Aseltine: They might find quite a bit of work to do in Ontario, Quebec and the Maritime Provinces.

Hon. Mr. Hayden: They go there too.

Hon. Mr. Euler: And they do a good deal of work there.

Hon. Mr. Aseltine: Now I wish to deal with another matter, divorce. This is a matter which most members of this chamber seem to avoid as they would a contagious disease. I do not pretend to be an expert on divorce—

Hon. Mr. Golding: But you are.

Hon. Mr. Aseltine: —but I have had eighteen year's experience as a member of the Senate's Standing Committee on Divorce, and I have had some experience as a practising barrister-at-law in Saskatchewan. I had no intention of referring to this subject today, and I am bringing it up only because I recently read in the Winnipeg *Free Press*—that great Manitoba newspaper—that a new royal commission is being appointed in England to consider the whole question of divorce and matrimonial causes. This indicates that although the English Act was remodelled and modernized in 1937, after two royal commissions had studied and reported on the subject, divorce must still be a live problem in that country.

Our divorce problem today is twofold, for in Canada divorces are granted by parliament as well as by provincial courts. I should like to deal briefly with parliamentary divorce, and a little more fully with divorce generally.

A person petitioning to parliament for a divorce is in a better position than one who applies to a provincial court, because parliament is supreme and can grant a divorce on any ground or on no ground at all. It is true that parliament generally sticks pretty closely to the divorce law of England, as it stood in 1857, and usually does not grant divorces on any other ground than that of adultery. Nevertheless, parliament is supreme and, as I say, could if it wished grant a divorce on any ground or on none at all. To anyone who wishes verification of that I would suggest a reference to the chapter on parliamentary divorce procedure in Power's excellent and authoritative work on the subject of divorce.

The chief objection to parliamentary divorce is that it costs too much. The average cost of an undefended divorce action in our parliament is $600 or $700. And even when the divorce is granted, parliament has no jurisdiction to deal with the custody of children, or with alimony or costs. Those are matters of civil rights and, after the petitioner has obtained a divorce, must be settled by a provincial court in the province of his domicile. That means further cost to the litigants.

Hon. Mr. Euler: May I ask my honourable friend a question? Does he mean to say that after the Parliament of Canada has granted a divorce the litigants may be subjected to further costs in provincial courts?

Hon. Mr. Aseltine: Yes. Let us take the case of a petition from a woman whose husband is domiciled in Quebec. As honourable senators know, her domicile also would be in Quebec, for a wife's domicile is the same as her husband's. If her petition is granted, and she has children, she will then make an application in Quebec, at considerable cost to herself, for the custody of the children.

Hon. Mr. Euler: Does the same thing happen in all provinces?

Hon. Mr. Aseltine: No. In the provinces where the courts have divorce jurisdiction these matters are dealt with by the courts.

Hon. Mr. Haig: In the one application.

Hon. Mr. Aseltine: Yes, in the one application. For instance, yesterday I drew a defence in a divorce action. The plaintiff asked not only for a divorce but for custody of the children, maintenance of the children, alimony for herself and the costs of the action. All those points will be decided when the matter comes up for trial in the provincial court. But parliament has no jurisdiction over these things, for parliament is a federal body and these matters are provincial in character.

Hon. Mr. Kinley: Would the honourable gentleman analyse his computation of $600 to $700 as the cost of parliamentary divorce?

Hon. Mr. Aseltine: Do you wish me to itemize it, show how it is made up?

Hon. Mr. Kinley: Yes.

Hon. Mr. Aseltine: That is not hard. In the first place, a petition has to be drawn,

and the tariff of costs in the Senate allows so much for drawing it. The petition then has to be served on the respondent, and sometimes it costs a good deal of money to find that party. Then the matter has to be advertised for four weeks in a French newspaper and an English newspaper, both in the province, and in the *Canada Gazette* as well, and the cost of that advertising frequently runs to $125. If an Ottawa agent is hired, his fees must be paid. But that is not all. When the case is set down for hearing, counsel and witnesses must attend in Ottawa, and their expenses have to be paid. If detectives are hired, they may charge $100 or more.

Hon. Mr. Haig: And the government gets about $200.

Hon. Mr. Aseltine: The fee on a private bill is $210. One can readily see how the applicant's costs on a parliamentary divorce may amount to more than $600.

I was for some time in favour of turning over to the Exchequer Court the divorce work now handled by parliament. In this way the Senate committee would be relieved of the tiresome task of hearing the evidence, and the costs to the applicants would not be high. I now learn that the Exchequer Court, which is a federal court, would have no jurisdiction in the matter of the custody of children or of alimony, and that these questions would still have to be settled in the province of Quebec or Newfoundland, as the case may be. The only benefits to be gained by using the Exchequer Court would be to relieve parliament of the work and to reduce the costs In my opinion this would not offer a complete solution to the present problem. I doubt very much if a bill to transfer the divorce work to the Exchequer Court would pass both houses; I conclude, therefore that we will be saddled with this business for some time to come.

I should like to direct some remarks to divorce in general. Prince Edward Island, I find, has had divorce jurisdiction since 1835; Nova Scotia since 1866; New Brunswick since 1791; Ontario since the Divorce Act (Ontario) was passed in 1930; and Manitoba since 1870; British Columbia since 1858, Saskatchewan and Alberta since 1905. As yet there is no jurisdiction in Quebec or Newfoundland.

Hon. Mr. Doone: How long has Prince Edward Island had divorce jurisdiction?

Hon. Mr. Aseltine: Since 1835, but that province never set up a court until recently. Since 1857 the law of England, as passed in that year, has been the law in the provinces with the exception of, I think, Nova Scotia which has had the right to grant divorce on the grounds of either desertion or cruelty.

Hon. Mr. Golding: Cruelty?

Hon. Mr. Aseltine: It is my opinion that our laws in this respect are very much antiquated and should be brought into line with modern times.

I would estimate that there are in Canada today some 20,000 cases of deserted wives and husbands. I frequently get letters from such people. As an example, one came to me the other day from a man who said he was married at twenty years of age; he and his wife lived together for a year or so, when she left him and went to California. He told me that he had not seen her since; but he knew where she was living, but had no grounds of unfaithfulness on which to seek a divorce. He concluded his letter somewhat as follows: I have waited twenty years, and now I have met a woman I want to marry. If I can't marry her I am going to live with her anyway, and possibly illegitimate children will be born. I hope you will be able to do something for me. Unfortunately, I have to write and tell him that nothing can be done.

That is just a sample of the letters that come not only to me but to the other members of the Standing Committee on Divorce.

As a result of our antiquated law there are many illicit unions and every year many illegitimate children are born. Husbands and wives resort to all sorts of expedients to get themselves separated: Perjury, collusion and connivance are common; even murder has been resorted to. I cite the recent case in Quebec where an airplane was blown up so that one man could rid himself of his wife. If a proper divorce court had been available to him, that tragedy might not have occurred. Hundreds of husbands and wives go to the United States or to Mexico to secure divorces which, of course, are not recognized by our law because they are secured on grounds other than the ground recognized in Canada. Nevertheless, they go through the form of getting a divorce and then re-marry. One can readily see the general mix-up that results from such unhappy conditions.

The Senate of Canada in 1938 tried to do something to improve conditions by the introduction of what is known as the McMeans Bill. This measure, which was introduced in this house on March 8, 1938, would have modernized our divorce laws along the lines laid down in the English Act of 1937. I have in my hand a copy of the bill as passed by the Senate, paragraph 3 of which reads:

> This Act shall apply to and in those provinces of Canada wherein there are now constituted and maintained courts of divorce and matrimonial causes having jurisdiction to decree dissolution of marriage, and to and in such provinces only.

(2) In each of such provinces this Act shall apply to and confer jurisdiction upon the court described in subsection one of this section . . . and to and upon that court only.

The bill, as passed by this house, did not affect the provinces of Quebec and Newfoundland.

I should perhaps say right now that my remarks have no political or religious significance. I want it fully understood that the views I express are entirely my own.

Hon. Mr. Petten: Would the honourable senator permit a question? Is it so that a divorce obtained in the United States, say in Reno, is not valid in Canada?

Hon. Mr. Aseltine: It is not valid unless it is obtained on the grounds of adultery.

The McMeans Bill was, as I have said, introduced in this house on March 8, 1938. It received second reading on March 16 and was twice considered in committee. The measure was then reported back to the house and the committee's amendments were adopted. On motion of senator from Winnipeg (Hon. Mr. Haig) the bill was referred to Committee of the Whole, and further amendments were made. Finally, it received third reading on May 18 of that year. So for about two months and a half the subject was fully discussed in this house. The bill then went to the House of Commons, where it did not even get second reading, but where some member moved that it be read a second time six months hence. It became a dead issue, and no one has had the courage to introduce a similar measure since.

In support of my previous remarks I read section 6 of the bill passed by this chamber in 1938:

A petition for divorce may be presented either by the husband or the wife to, and it may be entertained by, the court, on the ground that the respondent:

(a) has since the celebration of the marriage committed adultery; or

(b) has deserted the petitioner without cause for a period of at least six years—

The English Act has "three years", but the longer period was inserted by amendment in committee.

—immediately preceding the presentation of the petition; or

(c) has since the celebration of the marriage treated the petitioner with cruelty; or

(d) is incurably of unsound mind and has been continuously under care and treatment for a period of at least five years immediately preceding the presentation of the petition.

Then, as to grounds of petition by the wife only:

(2) A petition for divorce may be presented by the wife to, and it may be entertained by, the court, on the ground that her husband has, since the celebration of the marriage, been guilty of rape, sodomy or bestiality.

(3) For the purposes of this section a person of unsound mind shall be deemed to be under care and treatment only whilst he is:

(a) detained in pursuance of an order or inquisition competently made or had under authority of a statute in force in the province concerned or as a criminal lunatic; or

(b) receiving treatment as a voluntary patient pursuant to any statute in force in the province concerned, being treatment which follows without any interval a period of such detention as aforesaid.

A further provision of the bill was that, except on the grounds of adultery, no petition for divorce would be entertained until three years after the date of the marriage.

In addition it was provided under section 8:

The court, notwithstanding the provisions of section seven, shall not be bound to pronounce a decree of divorce and may dismiss the petition if it finds that the petitioner has during the marriage been guilty of adultery or if, in the opinion of the court, the petitioner has been guilty:

(a) of unreasonable delay in presenting or prosecuting the petition; or

(b) of cruelty towards the other party of the marriage; or

(c) where the ground of the petition is adultery or cruelty, of having without reasonable excuse deserted, or having without reasonable excuse wilfully separated himself or herself from, the other party before the adultery or cruelty complained of; or

(d) where the ground of the petition is adultery or unsoundness of mind or desertion, of such wilful neglect or misconduct as has conduced to the adultery or unsoundness of mind or desertion.

The bill, in my opinion, is quite fair; it has all the safeguards that are necessary.

In addition to the matters I have mentioned, the bill dealt with orders in connection with presumption of death, judicial separation, nullity, alimony, and other incidents of divorce and matrimonial causes.

That is all I am going to say on this subject. I just wanted to remind this chamber and the public at large that the Senate, in 1938, did its best to bring the law of divorce more into line with present-day conditions.

In conclusion, I urge the government to do what the British Government did, namely, appoint a Royal Commission to investigate this whole subject of divorce and matrimonial causes. I do not believe a parliamentary committee would get anywhere; I do think that a royal commission would go to the root of the whole matter and bring in recommendations which would be satisfactory to the majority of Canadians.

I have been pressed to say that at the next session of parliament I will introduce a motion for the appointment of such a royal commission.

Hon Mr. Euler: Hear, hear.

Hon. Mr. Aseltine: But I have not yet made up my mind. I may make such a motion at a later date.

Hon. Mr. Euler: Do that.

Hon. Mr. Hayden: Honourable Senators, I move adjournment of the debate.

The motion of Hon. Mr. Hayden was agreed to, and the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, November 21, 1951

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

Prayers and routine proceedings.

VISITING FORCES (NORTH ATLANTIC TREATY) BILL

FIRST READING

A message was received from the House of Commons with Bill 22, an Act to implement the agreement between the parties to the North Atlantic Treaty regarding the status of their forces, signed on the nineteenth day of June, 1951.

The bill was read the first time.

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

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

CANADIAN FORCES BILL

FIRST READING

A message was received from the House of Commons with Bill 21, an Act respecting the Canadian Forces.

The bill was read the first time.

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

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

OLD AGE SECURITY BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill 13, an Act to provide for Old Age Security.

Hon. J. H. King: Honourable senators, I rise, not with the hope that I can add to what has been said in explanation of this very important bill, but because last year, upon invitation of the government leader (Hon. Mr. Robertson), I served on the joint parliamentary committee which, with great industry, made a survey not only of old age pensions in Canada but of the field of old age security in various other countries of the world, and I want to be identified with the passage of this bill by the Senate.

In this matter we have gone a long way since 1926. I have been given some credit for having moved the first Old Age Pension Bill in Canada.

Some Hon. Senators: Hear, hear.

Hon. Mr. King: I do not deserve any credit at all. I was at that time Acting Minister of Labour in Mr. MacKenzie King's government, and it was at his request that I undertook to introduce a bill designed to provide, for a certain number of our people, security in old age. I want to make that clear, because I acted at that time in the line of duty, though in my personal capacity I was very sympathetic with the purposes of the bill.

As I have observed, in the last twenty-five years we have moved a long way in the direction of old age and social security for our people. I know that the bill now before us will have a very different reception from that accorded to the bill of 1926. This change of attitude reflects in the thinking of our people in the intervening period. The joint parliamentary committee which was appointed last year was not restricted to the old line parties; every party which has a voice in our public affairs was represented in its membership. We of the two parties in this chamber have our own views with regard to many public questions. Like the honourable senator from Peterborough (Hon. Mrs. Fallis), who spoke in support of this measure the other day in her usual effective way, I approached that committee with grave doubts as to the adoption of a universal pension scheme. I did not realize, as did the members of the elective chamber, that in the public mind of Canada there was a desire and an insistency that some provision be made to set aside a portion of Canada's great wealth for those who had laboured and had been in this country for some seventy years. As I say, I approached that question with great diffidence. I could not see why an individual at any age should be entitled to ask the government for a monthly pension of $40 without explaining his or her need for that money. The Old Age Pension Act of 1927 was, of course, based on the means test.

Our committee made an exhaustive study of the effect of old age pension legislation, and from our inquiry—after taking into account the amendments that had been made to the law and the liberization that had taken place from time to time in the thirties and forties—we concluded that Canada had done very well. The means test was the bugbear. Early in the meetings of the committee I indicated that I did not see how a contributory pension could be paid without some test showing the need of the individual for assistance from the government. However, as I have said, we have advanced far in social security thinking. I want to compliment the minister, the Honourable Mr. Martin, and our leader, the honourable senator to my right (Hon. Mr. Robertson), on the admirable

exposition which they gave to parliament of the portent of this measure. They showed us the necessity of the requirements which must be complied with in order that the individual may qualify to receive this pension at seventy years of age without a means test. They also indicated that the government have arrived at conclusions as to how the money will be secured from the people. I emphasize that the money to finance this scheme will come from the people. As was said by my honourable friend the leader (Hon. Mr. Robertson), the cost will be defrayed, not in any miraculous way but by individual taxpayers. Everyone, be he small or great, must contribute something to the universal pension provided for by this legislation. Both the ministers concerned gave a full explanation of the need for the pensions and the way in which they will be paid for.

I do not intend to go into figures at all. But I do wish to say that, having served on quite a number of parliamentary committees, I know of no other whose members were so eager to serve, and serve well, as were the members of the committee that investigated the old age security question last year. We had numerous sittings, and we invited representatives of all groups and classes in the country to appear before us and make their views known. Anyone who wished to express an opinion and was unable to appear in person was invited to send in a written statement. Representatives of labour, railways, banks, industries, social welfare organizations and so on appeared before us, and the whole field was fully covered. Every witness was given a very attentive hearing, and every written statement submitted was carefully considered.

I do not wish to pay too high a compliment to the senators who were members of that joint committee, but I say to this chamber that I do not think there was ever another joint committee whose Senate members attended its meetings so regularly and participated so actively in its deliberations. We perhaps did not ask as many questions as did our colleagues from the House of Commons, but we listened attentively and drew our own conclusions, which finally found expression in the committee's unanimous report to parliament endorsing a measure such as we have before us today.

In its deliberations the committee considered not only the effect upon the community of the Old Age Pensions Act of 1927, which requires a means test, but also surveyed very carefully the pension fields in New Zealand, Australia, Great Britain, France, Norway, Switzerland and United States, and in possibly one or two other countries as well.

Here I wish to pay tribute to the officers of the Department of National Health and Welfare who, before appearing as witnesses, had equipped themselves with information enabling them to answer all our questions as to the experience in every country where pensions legislation has been in effect. Australia and New Zealand undertook the operation of a universal pension scheme financed by an accumulated fund. But it was the experience of those countries, as it was also the experience of Great Britain, the United States and Norway, that the fund accumulated for the payment of pensions was not adequate to meet the need, and that supplementary pensions based on a means test became necessary. I think the records will bear me out in what I have said in this regard.

In our studies we reviewed the pension systems of various countries which had had experience in such matters over long periods of time. I think Denmark had the earliest contributory pension system. The United States, we learned, had inaugurated a contributory pension arrangement by means of payroll deductions. Although huge sums of money were deducted from the incomes of people in employment and those generally in the payroll class, it became apparent that there was a large group of people, such as those engaged in farming and in certain other classes of industry and individual labour, to whom the arrangement did not apply. The inability of the government to assess this class of people is causing concern in that country today. While the federal government continues to pay a pension to the aged, it is not sufficient to meet requirements, and must be supplemented by a state pension, for which there is a means test.

With some knowledge of social security, and after careful study of pensions, Canada has advanced to the stage where the government is able to place before parliament—I think with the concurrence of all members of the elective chamber—a clean-cut pensions bill which from January 1 onwards, will permit the payment of $40 a month to those who have qualified as to age and residence.

The leader of the government has said that the pension is universal, and that every individual who earns and buys will contribute to it. One hears some criticism about the sales tax of 10 per cent, levied at the source, 2 per cent of which is earmarked to assist the financing of the pension proposal. The complaint is made that because it is concealed it is an unfair method of taxation. It should be said, however, that this is a day-by-day method of collecting revenue and is generally accepted by the public. The Government of Canada, quite properly I think,

has exempted from its application primary products such as food, construction materials and machinery for use in agriculture and in industrial production. These exemptions were designed by the government in the hope of reducing costs in the field of production, and I am sure they will have that effect. So when people complain that they are unduly burdened by the sales tax, they should be reminded that they do not pay this levy on most of the primary products.

I should like this afternoon to call the attention of all those who are entrusted with the confidence of the people in municipal, provincial, and federal affairs, to the need of impressing upon the individual taxpayer the fact that he now has a basic pension to which he contributes, and that when his political friends advocate an increase from $40 to $60 or $100, they are simply proposing that so much more money shall be taken out of the taxpayer's pocket.

We now have a basic universal pension at age 70, and those who have enjoyed a pension under the legislation of 1927—I think there are some 300,000—will automatically become part of the larger group who will become pensionable as of January 1 next.

In our committee studies we learned that owing to industrial development certain individuals between the ages of 65 and 69 were experiencing considerable difficulty in obtaining employment. I am inclined to think that there is a class under the age of 70 that should be covered by some pension based on a means test. I am pleased to know that arrangements have been made between the federal government and the provincial governments to assist those needy people, subject to some form of test which will be applied by the provincial authorities.

Another large class remains unprotected. There are many people no older than thirty or forty who, through no fault of their own, but because of illness or some other misfortune, are from time to time looking for assistance from the municipality in which they live, from their friends, or from their provincial government. This class will still have to be looked after, and in my opinion their relief should be dealt with in the field near home by the municipal or the provincial authorities. I do not think we should accept the views of some who hold that all persons, upon arriving at the age of fifty or sixty should have pensions, but I agree that at this time the federal government should provide a basic pension to citizens of the age of seventy; and to those between the ages of sixty-five and sixty-nine, subject to a means test.

We could, of course, take the position that the individual belongs to the state and the state must take care of him from the cradle to the grave. I hope that idea will never be adopted, because it would mean nothing less than slavery for the Canadian people. The hope and aim of the free nations is that by liberalizing social conditions and giving consideration to the serious needs of their people they may prevent the invasion of the free world by alien and tyrannical ideologies.

Within my memory there has been a consistent desire on the part of those who have enjoyed public office to give greater returns to those who work with their hands and their brains. I am going to refer in this connection to some of the legislation which has been passed in the last fifty years.

I very well remember conditions in the years 1898 to 1900, when the Government of British Columbia brought in a bill to enact an eight-hour day in the mines of that province. The country was full of men prospecting for minerals, and others, with capital, were looking for claims which they might develop. When the bill was before the legislature these people raised a terrible uproar, contending that mining in British Columbia would be destroyed by such legislation. It is true that the government which passed the measure was not in office very long, but the law is on the statute books to this day, it has been much liberalized, and is now, I believe, generally copied throughout the provinces. The predictions of disaster were not realized. Mining conditions have improved, the hours of labour are shorter, production has increased; and it is evident that no real reason existed for the outcry which took place at that time.

Another reform we put into effect was the workmen's lien law, which made the workman the prior creditor in respect of his wages. There was general agreement that this was the proper thing to do. One could speak at great length on what has happened in various provinces under the workmen's compensation acts. Before they were enacted, as I know from my own experience as a practitioner, the workman had little protection. It is true the courts were open to him, but it was very difficult for the ordinary workman to avail himself of his legal remedies. The workmen's compensation law as administered by the provinces throughout Canada is an outstanding piece of social legislation, and has proved of great benefit to individuals who have been injured while engaged in industry.

Another beneficial law passed in earlier days was the Mothers' Allowance Act, which helped the mother to maintain herself and

her children during their growth and adolescence. Many thought the effect of these laws would be to handicap industry and impair initiative, but, far from having done so, they have served a very useful purpose.

I turn now to the federal field. During the thirties the Canadian Government realized that state action was required to alleviate unemployment, and, following an amendment of our constitution, with the consent of the provinces, the Unemployment Insurance Act came into force. It created a fund in which large sums of money have been accumulated, which have been and will continue to be useful as a cushion to soften the consequences of unemployment. The Act has now been in operation for some years. Its administration has required a very large staff, because there are some individuals—and they are not confined to the employed class—who are ready to edge in and try to get something for nothing. I believe that today the honest and industrious worker is sufficiently imbued with the importance of this fund to assist in protecting it against those who, by "soldiering", would try to take advantage of it. The Act has been under review each year. I have not heard of any serious complaints about it by the members in the other chamber or from those who are closely associated with the operation of the Act; and I believe it is fulfilling a useful purpose.

The Family Allowances Act, which has been in operation for some years, covers a broad field. It is the "baby" of the federal government, and from my inquiries I believe that the moneys which are being expended in connection with it are being spent for the benefit of the children. Indeed, our inquiry in committee brought forth evidence that from 80 to 90 per cent of the money was being directly used for the benefit of our Canadian children. I have heard little complaint as to the administration of this Act; and we know that our children today are being better clothed and better prepared in every way to receive the education that is available to them than was the case before the Family Allowance Act came into effect. These are matters that we must take into account when considering this further enactment, which is larger and more costly than any heretofore passed.

The Veterans' Allowance Act was passed to take care of those veterans of the two World Wars who did not secure a disability pension for injury or disease, but who on their return from overseas at the age of, say, thirty to forty, were not capable of finding employment or of doing a day's work. I am thinking more particularly of the men in the First World War, who served in the trenches in the front line. This Act has served a useful purpose, and it is to the credit of Canada, which I believe introduced this type of pension, that similar plans have been adopted in many other countries.

I should like to sound a word of warning about hospital and health insurance, which are very much in the minds of our people. I have no objection under present conditions to the federal treasury assisting in the building and equipping of hospitals throughout Canada, but I think it wise that it should not enter into the field of national health insurance. That should remain a provincial responsibility, and should be dealt with close to home by the municipalities and provincial governments. The cost, which will be great, should be paid out of the revenues of the provinces.

Honourable senators, I am pleased to be here today in support of the great measure that is before us. In the minds of some there is doubt as to whether we should saddle this burden upon the taxpayers of Canada, but I believe the results will be as beneficial as those which have followed the adoption of other social measures in this country and proved to be to the advantage of our whole national set-up.

We are passing through a period of inflation, but there is nothing startling or new about that. There has never been even a small war without some form of inflation following it. We must remember that we have had two great world wars, and when we look back over the years I think we in Canada are to be congratulated that inflationary tendencies today are not worse than they are. As was so aptly said the other day by the honourable senator from Kennebec (Hon. Mr. Vaillancourt), our own activities and expenditures have probably made inflation greater. In a recent speech in the other house the situation was tersely and well summed up in the statement that it was not the high cost of living that caused inflation, but the desire to live high. We in Canada are beginning to realize what great resources we have, and if our people will give to industry a fair days' work for a fair day's pay, I have little fear that we shall absorb this pension scheme into our economy without any serious disturbance; in fact, I believe that it will be to the advantage of our economy as well as to those who secure the pension right.

Honourable senators, I do not think I should delay the house any longer. We know what is proposed in the bill and how it is going to be accomplished. I think we can proceed with confidence because of a unanimity that

has never before been experienced in this parliament. The parliamentary committee, after making a most careful study, unanimously approved of legislation, and the House of Commons ultimately passed it, I believe with unanimous consent. I need not plead for a unanimous vote in this chamber for I believe it is in the mind of every honourable senator that this measure, brought in after mature and long consideration, should receive our undivided support.

Some Hon. Senators: Hear, hear.

Hon. Cyrille Vaillancourt: Honourable senators, I have a few words to say about the political aspect and the administration and application of this old age pension law. Last year I was happy to be a member of the committee which prepared the report recommending old age pensions for everyone at the age of seventy, and for the needy at the age of sixty-five. I was especially pleased that the joint chairman of our committee was our colleague from Kootenay East (Hon. Mr. King), because, as he moved the adoption of the first old age pension passed by the Canadian parliament, it can safely be said that he is the father of this legislation; and we senators were proud to tell the other members of the committee that one of our own members was the author of the present Old Age Pensions Act.

In a few short remarks I should like to refute certain objections which one occasionally hears expressed against this measure. For instance, we are asked why we did not grant the pension, without a means test to everyone at 65. Well, at 65 many persons still retain their full vitality, and we should not deprive them of the opportunity and incentive to work. In fact, at 70 some people are still very vigorous and mentally alert. For them this pension is a slight reward. As was said by our colleague from Peterborough (Hon. Mrs. Fallis), even for those who at the age of 70 still possess vitality and some financial means, it is a reward for the virtue of thrift which they have demonstrated.

It is claimed that the amount of the pension is not sufficiently high. Those who make this claim ask the question: The cost of living being what it is today, what can one do with $40? I think all of us will admit that the present cost of living is not normal; but we are confident that sooner or later it will go down. If the amount of the pension were made too high, it would be difficult to reduce it later. Also, when times become harder it will be more difficult to collect taxes, and we might be faced with failure of the scheme, if not with disaster; for if some people become unable to pay all that they should to assure the continuation of this social measure, the pensioners will not receive as much as they may feel they should receive. Further, if the pension were fixed at too high an amount, in harder times some people might not want to work at all, and in that event we should witness a state of mind detrimental to the future of the nation. Furthermore, those who are willing to work and are capable of doing so—and I believe they are the vast majority—can increase their incomes without additional taxes being levied upon them.

Another criticism that has been made is that the system of collecting taxes to provide for this social security is not adequate. For instance, some people claim that everyone should pay. But how can you pay if you have barely enough to live on? This pension is created first of all to help needy persons. How can we ask from them what they have not got? To a certain extent we are all contributing towards the revenue which the government needs to finance these pensions. Every one pays the 2 per cent sales tax, because every one makes purchases. And so the pensioners who have made no contribution through income tax will derive a sense of personal dignity through this contribution which is demanded in some degree from even the poorest, because they will know that they are not being given charity but are getting a refund of what is owing to them through, as it were, an insurance policy on which they have paid a small premium.

The rest of the amount required to cover the cost of operation of this measure will be derived from the income of corporations. Corporations show profits because consumers purchase manufactured products. We are all consumers in various ways. In short, all Canadians contribute to the profits of corporations. It is only reasonable then that corporations should pay towards the cost of this scheme, since by so doing they help to assure their own prosperity.

The final method of collecting moneys for this pension scheme is by levying a personal income tax on ratepayers. Those who pay income tax enjoy a certain degree of prosperity, and they owe this to all who have helped them directly or indirectly. Furthermore, distributive justice requires of every person that he help those who are not as prosperous and as favoured as he is. Some people ask why the maximum personal income tax should be $60. The explanation is simple: if I pay an insurance permium of a certain amount, it is fixed according to the amount of insurance that I shall receive. In this case, as the pension is $40, a ratepayer need not pay $100 or $300. You may ask: Why not apply the same principle to corporations? What about the sales tax? Well, the sales tax is set at 2 per cent. A definite

percentage and a definite maximum are set for corporations. This is only fair, because the whole of the population creates the economic activity which produces the corporations income.

I believe that the creation of this system of collecting the moneys for old age security, and of applying the Act without disbursing an aditional cent beyond what is collected for it, can rightly be attributed to a brain wave. The government is often accused of creating too many commissions, of increasing expenditures, and so on, but it cannot be similarly accused with respect to old age pensions. I have great admiration for the simplicity of this system of collecting taxes and distributing pensions. And I approve of this bill, because it is a moral, social and humanitarian measure, if there ever was one.

Hon. F. W. Gershaw: Honourable senators, may I first of all thank the honourable gentleman from East Kootenay (Hon. Mr. King) for the speech he has given us today? I think that he and those who were associated with him in that hectic session of 1926 deserve great credit for what they then did. They were breaking new ground, and time has more than justified their faith and their action.

As the honourable senator for East Kootenay has said, this Bill 13 is a step forward in the welfare program of the Canadian people. The fact that the pension is universal will remove from elderly men and women the temptation to divest themselves of their assets in order to qualify as pensioners. I realize that relatively few have done that, and I say: all honour to those who have preferred to take a lower standard of living rather than sign their names to a document which they knew was not strictly accurate.

May I give just one instance to show how the present Old Age Pensions Act works unfairly to certain people? A man and his wife who, by working hard by saving, by denying themselves of everything except actual necessities, have by the time they reach 70 accumulated, let us say, $20,000, can get no help from any source. On the other hand their neighbours, who were not industrious, and who spent their money as they received it, find themselves at the age of 70 without any assets; yet they are paid a pension of $100 a month and given free medical services and hospital accommodation. I am speaking of what happens in Alberta, and perhaps in some other provinces.

Through the Family Allowances Act the Dominion of Canada—I use that word "Dominion" because I still like it very much—provides financial assistance for the benefit of children up to the age of 16 years. After the first of January, those from 65 to 69 who are in need will get help, and all over 70 who have lived in Canada for at least 20 years will qualify for a pension. This additional security will certainly add greatly to the sum total of human happiness in the homes of the people.

If we are to relieve human distress and suffering, there remains one gap to be closed. As the previous speaker has mentioned, we must recognize that there are in this country certain people who are totally and permanently disabled, some by accident and others by an incurable malady. This sickness or accident may have come upon them in middle or early life. The long years ahead look dark and dismal to such people, and they are filled with misgivings. I have spoken of this class on previous occasions, and I am aware of the difficulties of administering assistance to them by reason of the large number of borderline cases. There are, however, many permanently disabled people whose lives would be greatly brightened by a little assistance.

It happens, honourable senators, that there are in this country—and even in this chamber—some persons who, although they qualify for the old age pension, hesitate to make application for it because they do not need it. My suggestion to them, and to those who will shortly join them, is that when they are able to convince the government that they are 70 years of age, they should apply for the pension. They should then go to the welfare officer in the district in which they live, and ask him the name of the most worthy totally disabled person in the field in which he works. The officer will be able to answer readily. Then the pension cheque, or part of it, should be turned over to that deserving person. Such a gift, like the quality of mercy, would not be strained, but would be twice blessed; it would not hurt the giver, and it would most certainly be a blessing to the receiver. If men and women throughout this wide dominion, who are in no need themselves, would distribute their pension cheques in that fashion, a great deal of good would result.

Some Hon. Senators: Hear, hear.

Hon. Mr. Hugessen: Honourable senators, on behalf of the honourable senator from Churchill (Hon. Mr. Crerar) I move the adjournment of the debate.

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

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Vien for an address in reply thereto.

Hon. Salter A. Hayden: Honourable senators, may I first offer congratulations to the mover (Hon. Mr. Vien) and the seconder (Hon. Mr. Wood) of the Address in Reply to the Speech from the Throne. My congratulations go also to those senators who have subsequently taken part in the debate, and whose speeches I either heard or have since read. Although I do not agree with the views expressed on the various issues, I note the high quality and serious nature of the discussion.

It is not customary for me to take part in the debate on the Address, and I do so now only because the Speech from the Throne makes reference to the subject of resale price maintenance. It contains these words:

> The government has received an interim report from the committee studying the combines legislation recommending that suppliers of goods should be prohibited from requiring or inducing distributors to resell such goods at fixed or minimum resale prices. You will be asked to consider legislation arising out of the committee's interim report.

Since the Speech was read, various events have taken place as a result of which, I understand, a joint committee of both houses is now studying the question of resale price maintenance, and as there does not appear to be any legislation in the offing at this moment to which one might direct particular attention, I propose to say a few words about the interim report of the MacQuarrie committee on the subject of resale price maintenance.

There are two grounds upon which the committee based its recommendation that resale price maintenance should be prohibited, which would mean that a manufacturer would not be allowed to enter into an agreement with a retail outlet fixing the minimum price at which the retailer might sell products of that particular manufacturer. The two grounds are these: The desirability of a free economy, and the need for economic efficiency. That is rather an idealistic approach. On the basis to which I have just referred, the committee goes on to conclude that resale price maintenance

> . . . represents a real and undesirable restriction on competition by private agreement or "law" and its general tendency is to discourage economic efficiency.

Let us pause for a moment to consider the question of a free economy. If I could feel that price maintenance really was an unjustifiable interference with a free economy and if I could find anywhere in Canada at the present time what might be regarded as an indication of a trek backward to a free economy, I might be prepared to examine and consider this proposition more seriously. But when we look around today we see that, for one reason or another, restraint has been imposed upon this so-called free economy. Notwithstanding that, I must say without hesitation that we have in Canada today a freer economy than exists anywhere else in the world.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Hayden: Notwithstanding that, by the Agricultural Prices Support Act we have established floor prices on a vast number of products; we are carrying out a national policy in respect of the marketing of wheat which has the effect of interposing a judgment and opinion in relation to markets and prices beyond that which the individual producer may exercise; by the Defence Production Act a formula is spelled out as to what shall be the recognized costs in relation to any contract made between the Government of Canada and any manufacturer; and a formula is also provided which would restrict and measure the profits to which a manufacturer is entitled, notwithstanding any agreement or contract made with a department of the government. Despite all this protection, provision is made—and I think wisely—whereby the government reserves the right to scrutinize any business operation to determine the element of profit in relation to the cost, and to demand repayment of part of that profit. When I review all these encroachments upon the political doctrine of a free economy, I am not too much disturbed by an argument which forms a basis for this interim report, particularly when the standard taken was that of a free economy, which at the present time in Canada, to my way of thinking, has been circumscribed—and in many respects wisely so.

Let us deal realistically with this question. Why is all this consideration addressed to a subject-matter which does not enter very materially into the economic life of the country—enters it, indeed, to such a limited extent that even representatives of labour, when expressing themselves on the proposal, say in effect: "It is not what we want; it will not do much, if anything, to keep down prices, which is what we are concerned about; but since it is something, and we are not offered anything better, let us take it and say we are in favour of it." That, I believe, is virtually the attitude of a large body of consumers and producers regarding

a matter whose importance has been so blown up in the Speech from the Throne that it follows a paragraph which deals with inflation in Canada, and is the subject of numerous editorials and speeches condemning resale price maintenance—as though this were the first time anyone had heard of it—and congratulating the government upon the effects which would follow a prohibition of this practice.

I say first of all that a continuance or discontinuance of resale price maintenance would have, for ill or good, little if any relation to our present economy; that it does not affect a sufficient segment of the population to have much significance, and that it has been given an importance out of all relation to reality.

Let us examine the first conclusion that this committee makes in its report. It says that price fixing restricts competition in price at the retail level. Well now, resale price maintenance simply amounts to this. A manufacturer makes an agreement with a group of retailers whereby he fixes a price at which he will sell an article to them, with certain marketing and servicing conditions, and the retailers on their part agree that they will resell at that price, and no other; and there are stipulations as to what will happen to the retailers if they step out of line by failing to observe this price restriction.

I could understand the point of criticising that policy were a manufacturer the sole producer of a particular article and that article loomed so large in the economic life of the country that the people as a whole had to buy it. But usually articles subject to resale price maintenance provisions are branded articles, or carry a trade name, or are patented products. The manufacturer, being concerned about his investment in that trade name, or trade mark, or patent, and with a view of maintaining the quality of his product, makes his agreement in the light of his marketing set-up and his knowledge, within reasonable limits, of what that system can produce. Let me ask: Even though in a given situation there were only one product available, and the public had to have it, how long would it be before imitators entered the field and produced a similar article at a lower price? To say that fixing prices shuts out competition at the retail level sounds fine in theory, but does not bear the test of practice.

In the first place, very few products are made by only one manufacturer; as a rule a number of manufacturers are making similar articles at the same time. Take, for instance, radios. Supposing a radio manufacturer comes out with a mantel model and puts on it a price of $29.75. Immediately other radio manufacturers having a comparable article within this price range scurry around as quickly as they can, to design and put into production a model which will share the market for that particular price range, even though the retailer handling the particular model is governed by a resale price agreement which fixes his selling price. In those circumstances competition exists, both at the manufacturing and the retail price level, as between various articles belonging to the same class. The same principle applies to fountain pens and watches and any other articles subject to price fixing vertically or at the retail level.

One might think that this practice was comparatively new. As a matter of fact it has been going on for generations, not only in Canada but in the United States and Great Britain. The British courts have held that it is perfectly proper for a manufacturer who is proposing to market a preparation or product of his own to make an agreement with the individual retailer under which he fixes the price and the basis on which the product is to be re-sold. In the United States, decisions of the highest court have led to the same result, and statute law in that country legalizes resale price maintenance as between manufacturer and retailer. Under these circumstances, why should it be regarded as a new and horrible growth which is wrecking the economy of the country? It is merely a practice which has gone on for a long time; but because, during the investigation of some alleged combine in Canada, it was discovered that that combine was not only horizontal as between manufacturers, but also vertical as between all the manufacturers and the retailer, we are bidden by this interim report to prohibit resale price maintenance or the fixing of retail prices.

Hon. Mr. Reid: May I ask a question at this point? Apart from articles which are manufactured in Canada, what about those which are imported from across the line and sold at a fixed price 100 per cent higher than in the United States?

Hon. Mr. Hayden: I expected my honourable friend would raise that question, because he mentioned it in his speech at an earlier date. First of all, if an article imported from the United States is sold in Canada at a price—whatever that price may be—at which it cannot maintain its position in the market, it will not remain on the market very long. Secondly, when articles are imported from the United States, usually a rate of duty is imposed, and a tax under the Excise Act as

well as under the Excise Tax Act, so all these costs are added before it gets into the Canadian market. Also, if the price at which it is being shipped into Canada is lower than the list price at which the same type of article is sold under the same circumstances in the United States, a special or dumping duty is applied to increase the price to a relatively competitive figure in Canada.

I suppose what my honourable friend is thinking about is that some articles in the United States that are covered by patents or are sold under brand names, and that similar articles in respect of which there are Canadian patents, are manufactured and sold in Canada, and that the price of the patented article in the United States is lower than it is in this country. The answer is that so long as Canadian patent laws exist in their present form, and a man who possesses some ingenuity is able to devise something for which he is entitled to a patent, and the Canadian public want that particular article, the manufacturer is entitled to charge first, within certain limits, what the public will pay. If his price is too high they will not buy the article. In any event, if there is a public demand, a good market, and the price is high and there is a large measure of profit, there will be imitators entering the market.

The basic point raised by my honourable friend does not go to the question of fixing a retail price, but to the reasonableness of such a price. These are two separate and distinct questions. It does not necessarily follow that because I fix a retail price at which my product must be sold, that price is an unreasonable one. If parliament thinks that Canada should set up some sort of body to determine what the mark-up should be, my only reply would be to refer to the recommendation contained in this report against taking any such action. Certainly it would bring about a greater interference with the economy of the country.

Honourable senators, I come back to the point I was making before the honourable gentleman from New Westminster asked his question. It is concluded in the interim report that resale price maintenance should be prohibited because it gives manufacturers bad ideas. It is found that when a new manufacturer is able to make an agreement at a fixed price with each retail outlet he has for the sale of his product, it gives him bad ideas, and he says to himself: This works out wonderfully well. Why shouldn't I get together with the other manufacturers and have a horizontal combination as well as a vertical one?" I would point out, however, that the Combines Investigation Act prohibits horizontal combination in Canada, and if persons are found indulging in that sort of thing they can be prosecuted—and many of them have been. If it is felt that there are insufficient prosecutions, we should step them up. If, on the other hand, it is felt that the penalties are not sufficiently great, we should increase them. I have never heard a sound argument based on the doctrine that I must prohibit the use of something because it is likely to be abused. I have always operated on the principle that if the use of a thing is sound it should not be prohibited because it is capable of being abused.

The interim report admits the argument that resale price maintenance is helpful to the small retailer, but it states that this help has been over-emphasized. I am not satisfied that prohibiting resale price maintenance will not hurt the small retailer, and I contend that the small retailer is a necessary and essential cog in the economic life of our country. The small retailer goes into business in a community without seeking assistance from anyone. He must do his own buying, and do it right; he must exercise good judgment on the credit he gives, on what the market will take, and on whether he will be able to dispose of the goods he buys from the manufacturers. I say that the independent and sturdy character of the small Canadian retailer is something which we should not damage. We should, in fact, encourage it. In saying this I am not critical of the volume basis of doing business on the retail level as conducted by our Canadian department stores; but if a situation were created in which there was volume buying with no retail price agreements in effect, volume buying could overpower the small retailer. I am convinced of this, and I am satisfied that it would be a natural and inevitable result. The larger purchasing power and the larger concentrated distribution enjoyed by the department stores would mean that the small retailer would at times find himself without a market unless he was prepared to sell his goods at a much lower price.

Honourable senators, you have all heard about the price war last summer in New York City. As an aftermath of that affair the manufacturers of the Sunbeam Mixmasters have instituted an action against Macy's in New York. This is what happened. Macy's enjoyed a 3·3 per cent of the sales in the New York area of the Sunbeam Mixmasters. When the price-cutting war started, Macy's sold these Mixmasters for $3 apiece below the wholesale price, and as a result did 56·2 per cent of the volume of this business in the New York area. Do honourable senators know of any more vivid illustration of what can happen when concentrated economic

power can be wielded at any particular time in relation to any particular commodity against the small retailer, who cannot meet that kind of competition?

Hon. Mr. MacLennan: What about those who bought the Sunbeam Mixmasters?

Hon. Mr. Hayden: The honourable senator from Margaree Forks has raised the question of the consumer. The difficulty is that each individual is what I may call a multiple economic personality. He is a producer, a taxpayer and a consumer, the position he is going to take depends upon which pair of glasses he has on at the moment. When certain groups of people in Canada are exercising a pressure and agitating for higher prices, and prices are raised by putting a floor price under agricultural products, for instance, those people who are agitating are thinking of their position as producers. Then other people come along and, in their capacity as consumers, clamour for price ceilings. Take the producer of one particular article. He will tell you that the policy of price raising is generally bad, but that in relation to his particular product it is a different matter.

Some Hon. Senators: Oh, oh.

Hon. Mr. Hayden: He names all the good and justifiable reasons in the world why his price should be raised. He claims his labour costs are higher, that his raw materials are more expensive and that his rent is greater. If we could ever get ourselves into a position where we could recognize that multiple economic personality we might be able to merge some of the conflicting interests which exist, and thus move more quickly along the road to solving some of our problems economically rather than having to deal with them on a political-economical basis.

Getting along with this report, may I deal with the second standard by which the committee studied the question of resale price maintenance, namely, that it has a general tendency to discourage economic efficiency. I am certainly not prepared at this time to subscribe to any such conclusion. I think that you discourage economic efficiency only when you tax to the point of no return.

I am satisfied that the manufacturer is attempting to produce his goods as cheaply as he can, and at a price that will enable him to dispose of the largest possible quantity. And I believe that the retailer tries, as a matter of good business principle, to buy quality goods as cheaply as possible and to keep his costs down. His aim is to operate economically and make a reasonable return; and since during the year there is a much less frequent turnover of some goods than of others, it is only natural that on these his percentage of profit has to be proportionately higher. Also, of course, his profit on some lines has to be large enough to take care of possible losses on others. In general, I am satisfied that manufacturers and retailers in Canada today are endeavouring to carry on with the utmost economic efficiency, in the face of the difficult conditions that exist in this country and throughout the world.

In my opinion resale price maintenance does not lead to economic inefficiency. I believe, on the contrary, that it leads to a more orderly marketing at present and to a more orderly planning for future marketing, through advertising of branded products, than would be possible if wholesalers and retailers were subjected to the whims and fancies of merchants who might care to indulge in price cutting.

The MacQuarrie Committee condemned the "loss leader" device. This refers to the practice of some merchants of offering certain commodities below bare cost, on the gamble that the people who may be thereby attracted to their stores will purchase other goods on which the profit will be sufficiently high to provide an over-all profit on the day's business. It was this practice which resulted in the price cutting on Mixmasters and other articles by some New York stores not long ago. Well, of course, we all know that no one can stay in business very long and continue to sell goods below their wholesale cost. But even though the "loss leader" device is condemned in the report—it is described there as a monopolistic practice and not compatible with the public interest—no recommendation is made for dealing with it. The committee say this:

> However, we do not believe that it presents any immediate danger; extreme forms of price-cutting are not very likely in this period of inflation and relative scarcity.

Does that not seem to answer the committee's first recommendation, that resale price maintenance be prohibited? The committee say, in effect, that even if there were no resale price maintenance policy today there still would be no general use of "loss leaders", because we are in a period of inflation and relative scarcity, when prices are tending upward.

It might be asked why there is all this hurry to readjust the free economy of Canada by prohibiting resale price maintenance at this time when, as we are told, the tendency of prices is to move up—and they certainly cannot move down so long as there is relative scarcity of goods. My submission is that we are attempting at this time to take a pot-shot at something that sounds awfully good in theory, and that can be flailed publicly and in general terms. The individual consumer

may be pleased to hear that the horrible and terrible manufacturers are not going to be allowed to get away with this nefarious practice any longer, that prices are going to be governed by the free flow of trade, by the law of supply and demand. In the present economic situation a statement of that kind is a fairy tale, and the only comparable thing that would be more interesting to read would be the story of "Alice in Wonderland".

I have too much confidence in the judgment and the intelligence of the people of Canada and of their representatives in parliament to fear that they will be unduly influenced by anything like that. Sooner or later people brush the froth off of things that look attractive on the surface, and see the substance below. I am convinced that, in this instance, when they see the substance they will wonder why we should be wasting so much time and energy in delivering so terriffic a blow against such a small thing, while there are so many other matters towards which our efforts might be more usefully directed in the fight against inflation.

Hon. Mr. Kinley: Honourable senators, I move adjournment of the debate.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, November 22, 1951

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

Prayers and routine proceedings.

CANADIAN BROADCASTING CORPORATION

INQUIRY

Hon. Mr. Reid inquired of the government:

1. Has the Canadian Broadcasting Corporation carried out the recommendations of the Royal Commission as contained in their report to parliament, and as outlined under sections M-N and O in page 297 of the report?
2. If so, which of these recommendations has been carried out or put into effect?

Hon. Mr. Robertson: The answer is as follows:

1 and 2. These recommendations are receiving careful consideration.

Hon. Mr. Reid: A copy of this answer was handed to me a short time ago. The question contained in this inquiry calls for a direct answer, yes or no. Instead of that, we have the C.B.C. ducking the question by saying that the matter is being considered.

The Hon. the Speaker: I would draw attention to the fact that this is not the time to ask for a further explanation of an answer.

Hon. Mr. Reid: When is the proper time under the rules?

The Hon. the Speaker: The honourable senator can put a new question, in a different form, or repeat the same question.

Hon. Mr. Reid: I do not know how I can put a new question so as to get an answer of yes or no.

Some Hon. Senators: Order!

UNSATISFACTORY ANSWER

On the Orders of the Day:

Hon. Mr. Reid: I wish to draw the attention of the honourable leader (Hon. Mr. Robertson) to the fact that I am not satisfied with the answer given to my question.

Hon. Mr. Robertson: Honourable senators, I have no immediate personal knowledge of the question. I shall look into the matter, and if there is any suggestion I can make about it I shall be glad to do so.

CANADIAN FORCES BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 21, an Act respecting the Canadian Forces.

He said: Honourable senators will recall that the National Defence Act was enacted at the first session of parliament in 1950. That Act contained a comprehensive revision of all legislation related to defence, and also incorporated into one measure a single disciplinary code for the navy, the army and the air force. Subsequently the various sections of that Act were brought into force by proclamation, and the regulations of the three services were brought into effect on September 1, 1951. Thus all the defence legislation that was planned four years ago has now been put into effect.

A number of amendments remain to be made to other statutes to bring them into line with the National Defence Act. For example, a definition of the word "military" was given in the National Defence Act, and it is now considered desirable that the same definition be used in all other legislation.

There are twenty-nine sections in the bill before us, and of these some eighteen involve purely textual changes. The remaining eleven sections have to do with amendments of a textual nature, but are also of some substance. I will refer to each of these sections which makes specific amendments, and briefly indicate the nature of these amendments.

Section 5, subsection 2, would enable persons who during the second world war served overseas with the Royal Canadian Navy other than at sea to count such service for the purposes of the Civil Service Superannuation Act. It would thus give personnel who saw such service with the navy the same right as has been given to personnel who served in the army or in the air force.

Section 6 would enable the Governor in Council to provide that persons who have accumulated pensionable service under the Defence Services Pension Act may count that service under the Civil Service Superannuation Act when they retire from the forces to accept civil service appointments in the Department of National Defence. A man who retires from the services to take a civil service position with the department may count his period of service for pension purposes.

Section 8, subsection 2, would protect the pension rights of men appointed to short service commissions. This is now covered by Order in Council P.C. 2932, dated June 7, 1951. It is estimated that this would relate to three men in the navy, 171 in the army and 201 in the air force, a total of 375. It is only just that men who accept commissions on a short term basis and are promoted from the ranks should not lose their pensionable rights.

Section 8, subsection 6, will enable the Governor in Council to grant a pension to a contributor who has been a member of the military services for twenty years, who served

on active service during the second world war and subsequently in the regular forces, but who, at the date of his retirement, has served for less than ten years in the regular forces. In other words, from the point of view of qualification for pension, service with the active forces during the war would be taken together with service with the regular forces since the war in order to make up the minimum period of ten years. It is estimated that 334 officers and men would be covered by this at the present time, but that number will be progressively reduced as these men complete ten years' service.

Section 14, subsection 2, would change the word "military" to "army" and would also delete reference to Newfoundland and the Irish Free State in a section of the Visiting Forces (British Commonwealth) Act. The Irish Free State, formerly designated as the Republic of Ireland, ceased to be a member of the commonwealth in April, 1949, and Newfoundland became incorporated with Canada by the Act of that year approving the terms of union. Similarly, subsections 4 and 5 of section 14 would delete reference to Newfoundland and the Irish Free State.

Section 17, subsection 2, would amend the Department of Veterans Affairs Act in order to continue the authority of that department to administer the service estate of former members of the forces who die while in D.V.A. hospitals. That was provided for in the previous national defence legislation, but it was not carried into the National Defence Act.

Section 22, subsection 2, would provide for the attendance of civilian witnesses before United States courts martial held in Canada. That is a privilege which we enjoy now with the United States, and we want to put it on a reciprocal basis. Even in these cases the attendance of witnesses would require an order issued by a Canadian civilian magistrate.

Section 25 provides for the appointment by the Governor in Council of an officer as chairman of the Chiefs of Staff Committee. This is now provided for by Order in Council. It also gives the Governor in Council authority to make provision for compensation to civilians employed in the public service of Canada, or doing research or consultative work in relation to the Canadian forces and the Defence Research Board, when disability or death results from their connection with this service. In applying this section it is expected that the Governor in Council will order that the Pension Act be made applicable in these cases. Cases might occur of a civilian worker engaged on research in connection with a dangerous weapon being killed or injured along with service personnel. At the present time a pension would be paid to the member of the service, but not to the civilian. We think it is only just that the same provision should extend to the civilian.

Section 26 relates to offences committed or not disposed of prior to the coming into force of the disciplinary parts of the National Defence Act on September 1, 1951. This point is now covered by Order in Council, P.C. 3417, dated July 4, 1951.

Section 28 would extend the operation of section 4 of the Official Secrets Act to persons who, by reason of service with but not in the forces, may have obtained information that should not be disclosed.

These changes, honourable senators, are, as I pointed out before, almost entirely of a technical nature or consequential upon the enactment of the National Defence Act and our experience of its operation during the past year.

I am sure that some honourable senators wish to raise certain questions as to this measure. I would therefore suggest that, when the house sees fit to give it second reading, it be referred to the appropriate standing committee, where officials in possession of the detailed information will be present to answer questions.

Hon. John T. Haig: Honourable members, my suggestion is that the bill be given second reading today and be referred to the Standing Committee on Banking and Commerce. In that way the officials present at the committee meeting could answer our questions; and if some senators were still not entirely satisfied, the measure could be debated in the house on third reading. For my part, I do not feel competent to judge the contents of this measure without some further information as to how it will work out. I would appreciate it being sent to the committee at as early a date as possible.

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

REFERRED TO COMMITTEE

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

The motion was agreed to.

VISITING FORCES (NORTH ATLANTIC TREATY) BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 22, an Act to implement the agreement between the parties to the

North Atlantic Treaty regarding the status of their forces, signed on the nineteenth day of June, 1951.

He said: Honourable senators, this bill, like the one to which the house has just given second reading, has to do with our military forces. It is distinguished from the other bill in that it relates to the discharge of our commitments under the North Atlantic Treaty, and it embraces certain provisions which are perhaps new to this house. But as there is some relationship between the two bills, I am sure that many honourable senators would like to have the two measures considered in committee at the same time. Therefore, when the house sees fit to give this bill second reading, I shall move that it be referred to the Standing Committee on Banking and Commerce.

The purpose of this bill, honourable senators, is to implement the provisions of the agreement entered into at London by the twelve North Atlantic Treaty Organization states on June 19, 1951. On that date the agreement was tabled in both houses of parliament, and is itself a schedule to the bill which is before us.

It is clear at once that without such legislation as this the Canadian forces and those of other North Atlantic Treaty countries, when present in the territory of one another, would have the status of ordinary tourists. That would affect their position with regard to passports, immigration, health services, taxation, customs and civil and criminal jurisdiction. In the past, we have had the Visiting Forces (British Commonwealth) Act, 1933, to take care of visiting forces from commonwealth countries. Each of the commonwealth countries adopted similar legislation to give Canadian forces reciprocal rights and immunities. We also adopted the Visiting Forces (United States of America) Act in 1947, which dealt with United States forces which happened to be in Canada. Canadian forces having exactly the same rights in the United States. The bill which is now before us follows along the lines of this legislation. It will approve the agreement and give effect to its provisions. I might point out in passing that enactment of this legislation will be very much to Canada's advantage, since, as matters stand, it is practically certain that Canadian troops abroad in other countries will far outnumber foreign troops in Canada.

The bill defines the legal status of the visiting forces present in Canada with the consent of and under agreement with the Government of Canada. It contains provisions respecting jurisdiction for members of a visiting force, exemption from taxation, settlement of claims, and possession and carriage of arms. In accordance with the terms of the agreement, provision has been made to ensure the security and protection of the installations, equipment and records of a visiting force. The bill covers only those matters which require legislation to enable Canada to carry out its undertakings under the agreement. There are some matters contained in the agreement which do not require legislation; for example, immigration and local procurement of supplies.

The bill provides for its application to signatory states as the need arises, and it may be applied in whole or in part, depending upon the circumstances. It will also be possible to apply the measure to visiting forces of commonwealth countries, other than the United Kingdom, who are not, of course, signatories to the agreement. The commonwealth agreement, as honourable senators know, is as yet restricted as far as the commonwealth is concerned to the United Kingdom and Canada.

It is not proposed at this time to repeal either the Visiting Forces (British Commonwealth) Act, 1933, or the Visiting Forces (United States of America) Act; but to avoid the uncertainty which would arise from having those Acts and this legislation in effect at the same time, it will be possible to make parallel provisions of the visiting forces Acts inapplicable from time to time and for such length of time as may be necessary.

Finally, honourable senators, the bill includes explicit parliamentary approval of the agreement, which, as I have said, is to be found in the schedule of the bill. I would repeat that Canada will find itself playing the role of a sending, rather than a receiving, state, and I point out that from a purely selfish point of view we stand to gain more from the adoption of this legislation than the other countries concerned.

This legislation is one of the steps designed to carry out our undertakings under the North Atlantic Treaty. It will contribute materially to building up that degree of co-operation, understanding and partnership which is essential if our North Atlantic community is going to fulfill its great obligation of protecting our western traditions and way of life.

Hon. John T. Haig: I do not intend to say very much about this bill. The measure which has just been passed related only to our own troops. The bill now before us involves a consideration which I think is more important than would occur to one upon a superficial reading. Many Canadians were very much concerned over reports about some happenings in Korea, which indicated —and I say this in no spirit of criticism—

that our men had not been fully informed of their importance, not merely as fighters but as representatives or ambassadors of Canada. I do not blame anyone for not having explained this to them, because—to speak candidly—I never thought about it. The Canadian forces sent to Europe have received a pamphlet issued by the Department of National Defence. It is not very long—if it were, I do not think they would read it—but I give the department full credit for so concise and well-prepared an explanation of their duties and obligations as Canadians to all the countries, excepting the United States, to which under this North Atlantic Treaty they may be assigned.

I think this bill should be very carefully considered in committee. As I have said our Canadians who go overseas under the Atlantic Charter should be enabled to realize that they are ambassadors of Canada. They may never fight; our hope is that they will never have to, that they will function only as a demonstration of force over the next three or four years, and we hope that by that time the peoples behind the Iron Curtain may have realized the importance of peace and our desire for a peaceful solution of present problems. It is of the greatest importance that we examine very carefully the provisions of this bill to ensure our men of all proper protection while overseas. I believe that all possible safeguards will be provided; it is our duty to see that they are.

Another consideration arises from the fact that we live alongside the United States. It is difficult for a small nation to restrain feelings of resentment from time to time when citizens of a bigger nation temporarily in their midst seem forgetful of the fact that they are visitors, and not in their own household. What I say applies to Canada as well as to any other country. The people of a large country upon entering a small one sometimes do not appreciate the difficulties faced by the small country. According to press reports a difficult situation was threatening during the last war when American troops were stationed in Newfoundland, and I should like to see our people protected against anything that might cause ill feeling between ourselves and the Americans. We may talk about the Atlantic Charter and so on, but we must remember that because of its present status Canada owes much to the world. I say advisedly that we are the only people the United States will listen to and believe that they are being told the truth. That involves a tremendous responsibility.

It used to be commonly said that we acted as interpreters between the United States and Great Britain. Well, we have far greater responsibilities now. Things have gone far beyond that. As you read the British and continental papers you detect a certain feeling in those countries against the United States. I do not think for one moment that this feeling is at all justified, but I do say that when we think the Americans may do something that might disturb the people of Europe it is our duty, as one good friend to another, to call their attention to it. What little experience I have had with the United States has taught me that Americans are a freedom-loving people who love their homeland as much as we love ours; and they are just as determined as we are that the rest of the world shall have the same opportunities that we have had. I think I speak for every member of this house when I say that in drafting legislation of this kind we must be careful not to give cause for any difficulties between ourselves and the United States. There is no doubt, if conditions in Europe become more critical, that large land and air forces from the United States will be stationed in Canada. If we get into war with Russia, there is no question that the Russians will come down from Alaska into our country. The United States knows this as well or better than we do. Therefore, as I say, large American forces undoubtedly would be stationed in this country. It is wise, therefore, to enact this legislation now, rather than to wait until it may be difficult to do so.

Honourable senators, I have read this bill carefully. Its provisions seem satisfactory to me, but I think we ought to discuss every section carefully in order to get the opinions of all honourable senators on this legislation. I may be criticized for saying so, but I think that when the members of the other place review legislation they look through political glasses. I do not think we do that here. I am delighted that the honourable leader intends to refer this bill to committee, where I hope it will receive careful study at the earliest possible moment.

Hon. Mr. Lambert: I should like to ask the honourable leader (Hon. Mr. Robertson) for some information about the character of this bill. As I understand it, this legislation deals with immunities of our men when they are stationed in countries abroad, particularly in Western Europe. I assume that reciprocal legislation will be passed by other signatory countries to the North Atlantic Treaty Organization. If I followed our leader correctly, I believe he said that the countries of the commonwealth, including Australia, New Zealand and ourselves, already have signed conventions to this effect. I would be interested in knowing if the countries in Europe—particularly France and

Western Germany, where most of our armed forces will be stationed—will adopt reciprocal legislation, and if so, in what way it will be adopted. The United States is a signatory to the NATO, and they have provided reciprocal legislation of this kind.

In this connection I should like to refer to the point raised by the honourable leader opposite (Hon. Mr. Haig), who expressed, as I thought, some apprehension about the possibilities of contact between the United States and Canada in relation to armed forces, in the event of exchange of troops.

Hon. Mr. Haig: I did not say that.

Hon. Mr. Lambert: I do not share that apprehension in the slightest degree. I should hate to think that any such impression would leave this chamber; that after the experience we had in the recent war we have anything to fear from the United States. The American forces stationed in Canada during that time co-operated in every way with our government. In view of what the world owes the United States, and particularly in the light of what that country has done to help Western Europe rehabilitate itself, I think it would be most unfortunate if any suggestion of apprehension concerning our contact with the United States should rise from this discussion. I do not think any two countries in the world understand each other better and are less likely to encounter difficulties with each other than Canada and the United States.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: I never suggested that at all. I said that we should adopt this legislation now so that we would not be faced with difficulties should we try to enact similar legislation at a later date. My point is that if we do not have this legislation and the Russians drive down through Alaska, we might run into difficulty if at that time we tried to improvise agreements with the United States. Perhaps I did not express myself clearly. What I endeavoured to show was that it would be better to adopt this legislation now.

Hon. Mr. Quinn: Honourable senators, I think that now is the proper time to direct a question to the honourable leader of the government (Honorable Mr. Robertson). We read in the press that at the reception of the Canadian Forces in Rotterdam the Canadian Minister of National Defence made a statement to the effect that Canada was building aerodromes in Western Europe, at a cost of $100 million. A question was asked about this in another branch of parliament yesterday, and the Prime Minister replied that he did not know anything about it. Has the leader of the government here any information to give in addition to the reply made by the Prime Minister?

Hon. Mr. Robertson: No.

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

REFERRED TO COMMITTEE

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

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Vien for an Address in reply thereto.

Hon. Mr. Kinley: Honourable senators, the order for resuming this debate stands in my name, but I defer to my honourable friend from Southern New Brunswick (Hon. Mr. McLean).

Hon. A. Neil McLean: Honourable senators, I should like first to congratulate the mover and seconder of the Address, the honourable senator from De Lorimier (Hon. Mr. Vien) and the honourable senator from Regina (Hon. Mr. Wood), who carried out their duties in an excellent manner. I would also congratulate the senators on both sides of this house who have contributed to the debate. Their speeches have been informative and on a high level.

At this time I wish to make a few remarks on current problems which are before this honourable house and the people of Canada. We hear a great deal today about the high cost of living, which is to a major extent an international problem. Great pressure has been put on the government to use its best endeavours to curb the inflationary spiral. Canada has an annual output from land, sea and forest, and we call this the nation's stockpile. The farmer adds his produce to this stockpile and takes away from it the things he needs. The same is true of the fishermen, lumbermen, miners, etc., for few of us indeed can go very far in serving ourselves: we depend on others, and so have to trade with one another and exchange goods and services. The trouble today is that the demand on the nation's stockpile is out of proportion with the quantity of goods delivered to the stockpile. Through our legislation we give many orders on the nation's

surplus without a corresponding return to our stockpile. Our wealth, of course, is in goods and services, money being the measuring stick. When there is not enough to go around, inflation is stimulated. It would seem that the government's job is to try to arrange a fair distribution where goods are most needed and at as moderate a price as possible. And I think it is trying to do that.

Of course there is a cure for inflation, but few would want to take the cure. We would rather go on as we are. We have planned our path in the democratic way. For instance, if it was announced tomorrow morning that the defence program would be cut in half, I think everyone would see a very substantial drop in prices. The curtailment of the defence program would mean that demand for commodities would shrink, and many thousands now engaged in defence industries would go back to productive work that would add to the nation's surplus As it is we have voted millions, yes billions, for defence of this country and our way of life, and have diverted a great deal of our energy and labour toward defence production, which means preparing goods for enemy territory, to take care of aggressors. None of these goods go into the nation's stockpile of food, clothing and shelter, but many thousands who labour in connection with defence must draw their daily needs from the nation's stockpile. We have willed it that way, and rightly so.

During the hungry 30's we had deflation instead of inflation, and at that time goods were mighty cheap. In fact, it was so hard to find a market for goods that we were plowing them under. I am sure no one would want another depression as a cure for inflation.

The defence bill must be paid, and sacrifices have to be made on the part of every citizen. Taxation is bound to be heavy, and the government, it seems to me, is endeavouring to spread the taxation burden in a fair manner, giving careful consideration to the taxpayers' ability to pay. As a general rule we all are going to have smaller net earnings—taxation will see to that. Our corporations should expect smaller net earnings. However, when some of our utilities and transport companies look at their balance sheets and find their net earnings not quite as good as heretofore—which should be expected—they seem to think they should rush to the government or to government bodies to have higher rates O.K.'d, so that their balance sheets may return to what they think is normal. I feel that public bodies should be careful indeed in raising rates, for the man on the street and the general public are carrying a heavy burden of taxation now, and are in no position to share burdens that may not be their due, burdens that arise because some people may seem to be unwilling to make as great a sacrifice as they should for the defence program.

Some cry out for all-out controls; but controls by themselves would not add a pound of butter or a pound of steel to the nation's stockpile. In fact, thousands of additional people would have to be taken out of production to operate controls, and these thousands would again have to draw their food, clothing, and so on from the nation's stockpile. In wartime people expect controls and expect to be regulated, but they do not expect to be subjected to nearly so much in peacetime. During the last war I helped administer controls, and we had 95 per cent of public opinion with us; but even at that we had a lot of policing to do. If all-out controls were to be inaugurated now, it is doubtful whether they would have 50 per cent of public opinion behind them. In consequence, administration of controls would be very difficult, for the policing would be far greater than in wartime. Therefore I think the government is pursuing the right course in exploring for and trying out other methods to curb undue inflation.

Some things that we at times encourage are bound to have a serious effect on the nation's stockpile. At present we are going through quite a serious crisis, and it seems to me that this is not the time to be continually cutting down our work hours. Our enemies, we must remember, are working far into the night, so a five-day week for us at this time does not seem to be in order; that is, it does not seem to be in order if we really desire to curb living costs and combat inflation.

I notice that our banks, for whom I have a great deal of respect, have joined those who favour the five-day week. My mind goes back to thirty-five or forty years ago, when I was a young bank manager. At that time we managers were strong on giving advice on the virtues of thrift and hard work. Before we granted loans we made inquiries to find out whether our prospective customers were thrifty, and good workers. Farmers, fishermen and lumber operators used to come to us for a few hundred dollars, or a thousand or two thousand dollars, to help them over a season until they could get their produce, lumber, fish or livestock, marketed. We often used to drive through the country to check up on our customers, to see that they were working steadily and practicing economy in their operations. Coming to town on Saturdays and spending

one's time in idleness did not add to one's credit with the banks in those days. There was no use asking Dun and Bradstreet for the credit rating of a primary producer, for they did not know it. On the other hand, our customers did not have government bonds—perhaps we were not far enough in debt in those days—to put up as collateral for loans. We had to depend for collateral on the borrower's ability to work hard.

It seems to me that thrift and hard work are now becoming old fashioned. Today when a person wants a loan he puts up his government bonds or some other marketable security as collateral, and that is about all there is to it. We must remember, however, that along the line someone has to do some real hard work to pay the interest on those bonds. The time has come when those of us who want to work six days a week find difficulty in doing so, for we are all dependent on the other fellow's services. To call an office, wholesale house or other place of business on Saturday and find it closed, hampers those of us who want to carry on through a six-day week. A five-day week would be ruinous to many seasonal industries in which there is only a certain amount of time to gather in the crop. Often it is a race against time, and in general if we do not work all hours at certain seasons of the year when the harvest from land and sea is ripe, the nation's stockpile is bound to suffer, and this in turn stimulates inflation. Labour in many of our seasonal industries does not, on the average, work long hours, January to December. The tendency of so many to climb on the bandwagon for a five-day week, regardless of our seasonal industries and of those who want to work on Saturdays, is certainly not good for the country as a whole. The timing is bad, and it is useless to cry out against inflation when some are deliberately doing the things that cause it.

In these times of crisis and emergency we should pause, and proceed carefully in matters of this kind. In this year, for instance, had not long hours been worked by those who gathered the tomato crop of Ontario, who harvested the wheat crop of the West and who packed fish on the Atlantic coast, the country would have suffered a greater loss, which would have been reflected in our national stockpile.

Another movement in this country which, in my opinion, is harmful to our economy and has unnecessarily added to living costs is the policy of increasing interest rates. There are many more borrowers than there are lenders, and any increase in the cost of money simply means that business and the public generally will have to pay more. Take rentals, for instance. If mortgage money is priced higher, tenants will be asked to pay higher rents; and as food, clothing and shelter are the three major items, the cost of living will be proportionately greater by reason of an increase in rents. Money, along with the wheel and the ship, is part of our system of distribution, and any increase in interest rates or freight rates in connection with these utilities is bound, as I have stated, to have its effect on prices.

When there is too much money in circulation as compared with the quantity of civilian goods on the market, the effect is, of course, inflationary. There are two ways of withdrawing surplus moneys: by taxation and by inducing the people to save. When people save they withhold their purchasing power from the market for future use. The banks, of course, pay a low rate on savings, but there one's money is always available. Many people in times past have been induced to invest their money in government bonds, so that there would not be such a big demand for civilian goods. However, by depressing the price of bonds in existence by means of raising current interest rates, the confidence of investors is shaken, and people are discouraged from putting their savings into the best investment in the world, Canadian Government bonds. It is against human nature to buy anything when it is going down in price or "on the skids."

I repeat, there are many more borrowers than lenders. Raising interest rates merely takes the money from one person's pocket and puts it into the pocket of another. The middle classes, for instance, are quite large borrowers, and with the rise in the interest rate their living cost has increased correspondingly. The government itself is the largest borrower in the country, and when it puts up the interest rates on itself, and thereby depresses the price of bonds so that a discount has to be taken on them, all of our citizens will share this extra cost in their tax bills, which in turn adds to the cost of living.

I turn now to the proposed combines investigation legislation—I think it is Bill No. 144—in which some fundamental principles seem to be involved. There is no question in my mind that retail price maintenance often prohibits free competition, and to a great extent eliminates unhampered private enterprise. Such maintenance no doubt stabilizes prices, but the cost of it may be too great. Price-fixing systems of this nature have a tendency to grow like weeds if unchallenged, and may permeate a large percentage of our national business. Now, if retail price fixing is good for some commodities, why is it not good for all commodities? In its general application we would have so-called private industry fixing all

prices in our democratic state, while in the Iron Curtain countries dictators or their governments are doing the same thing in another way. There they fix all prices in government stores, and the consumer has no right of choice. If he complains because the price of a shirt is $10, for instance, he may be sent to Siberia or elsewhere. Experience has shown that freedom-loving people have no use for this system. This part of the problem is worthy of an explanation.

Another question worthy of research is this. Would those who desire to fix the prices of their own products like to buy their raw material in a rigid market instead of in a free and competitive market? In other words, would they want the materials they require in their manufacturing to be controlled by cartels, combines and other means—a system which, as has been shown time and again in the United States and in Canada, is a toll-gate scheme, leading to enhanced prices. I feel sure that those who want to fix retail prices do not want prices of raw materials fixed for them.

I look back to a time more than twenty years ago when, as a large user of tin-plate in the manufacture of tin cans, I came to Ottawa with my case against the world cartel in tin-plate prices. There was no Combines Commission here then, and my case was heard before the Tariff Board, when William Moore was chairman. My complaint at that time was that although the British Empire produced the tin in the Malayas, our competitors in Germany, Norway, and other countries were buying their requirements at 10 per cent below the price which the cartel was quoting in Canada. As this country manufactured no tin-plate at that time, a great deal of our supply was imported from England, under British preference. Representatives came here from England and appeared before the Tariff Board in opposition to the representations I made, but I was able, I think, to prove that a cartel existed which was enhancing prices hundreds of thousands of dollars annually to the consumers of this country. I remember Mr. Moore making the statement that he did not think it was the intention that this country should grant preference to those who wiped out the benefit of such preference by entering cartels and overcharging the Canadian people, and that if something was not done about it he would recommend that such preferences be immediately investigated with a view, if necessary, of wiping them out. I am glad to say that from that time we have been able to buy tin-plate as cheaply as the people of continental Europe.

I have been interested for thirty years in labelled goods, and through advertising and putting quality goods behind our brands these labels have become very valuable to us not only in this country but in many countries throughout the world. Occasionally over the years some of our goods may have been sold at less or more than we think they should have been, but very seldom has this condition given us trouble. In any event I cannot see how anything but moral influence could have been used, for we had in fact parted with ownership of the goods. The people to whom we sell know that the money received for our goods can be used by us to pay our taxes, expand our plants or in any way we see fit. It is pretty hard for us to use any undue influence in respect of the goods we sell. However, I am glad to hear the representations of all those in business who support retail price maintenance. My mind is open to hear their arguments, or their side of the case.

The continued raising of freight rates, until this condition has become chronic, is of great concern to the Maritime Provinces because of their geographic position. A great part of our railway system was built for strategic and defence purposes rather than for strictly commercial purposes, so the freight haul to other parts of Canada is a long one. Increased freight charges are, of course, inflationary: they add to the costs of industry as well as to the cost of goods going into the nation's stockpile. After raw materials are derived from land and sea and turned into commodities, they have to be distributed. Of course freight rates are a big factor in distribution costs, and each time they are raised it simply means that consumers at a distance must pay that much more for the commodities they need. In continually granting raises in freight rates we have, it seems to me, put the cart before the horse. Before the railways come to the public for increases, they should be required to do their utmost to put their own house in order.

To the credit of the Canadian National, Donald Gordon, the President, has asked for authority to put the balance sheet of this great railway in order. Although, I believe, nearly a year has passed since he asked for this authority, to date nothing has been done. Everybody knows it is very difficult to arrive at the true earnings of the Canadian National Railways. I have reorganized and put in order the balance sheets of a good many companies, yet I cannot make out whether the Canadian National Railway is or is not making a profit. The return on the actual money invested in a great enterprise is the only method of judging whether it is or is not making money. Over the years the Canadian National had unloaded on it many useless properties and incurred deficits which added to the overhead and did not contribute to the earnings. These

obligations should have been written off long ago, so that the balance sheet would reflect the real working assets of the road. Some action should be taken promptly to carry out Mr. Gordon's wishes.

As far as the Canadian Pacific Railway is concerned, I am sure that during the days of low interest rates it could have done what many other railways did: that is, by refunding, it could have secured reduced rates on its bonds or debentures and thus made a substantial saving. Why this action, which would have been in the interests of the Canadian public who use the road, was not taken is hard to understand. It seems to me an indication of serious short-sightedness, and one of the consequences is that shippers are being asked for more and more money. That is a very grave matter for the shippers in the Maritime Provinces, who ship over the long haul.

Furthermore, I think the government or the Board of Transport Commissioners should employ the best experts available to untangle the investments of this railway which appear in "other accounts". Any investments that have been made over the years which originally consisted of moneys withdrawn from the railway treasury should be accounted for to the railroad treasury and not, as we now often find, turned over to so-called "other accounts".

Also, I believe it has been the desire of parliament, including our honourable body, that the railways should co-operate in cutting out duplication and waste. It should be the duty of someone in authority to see that this is done, but at the present time there are no teeth in the law or regulations suggesting co-operation in the interests of economy. An independent, competent co-ordinator should be appointed by the government, with authority to bring the heads of the railways around the table and see to it that in the interests of the nation's economy, all duplication and waste is eliminated. Certainly that end has not been achieved by the railways.

Anyone who has read the history of railway building in Canada knows full well that back in the seventies and eighties the federal government had very little money, but controlled the real wealth, consisting of great natural resources; and the grants made in those early days, consisting of land and physical assets, were given as part of the capital the railway needed to operate over a sparsely settled country. It was never intended that these gifts were to end up in "other accounts".

With the large investment in the Canadian National Railways—upwards of $2 billions of the people of Canada—that enterprise should be the yardstick by which rates are set. If the balance sheet of the Canadian National is set up properly, in the manner desired by the management, this railway will be qualified to represent the measuring stick for freight rates. It is not good business to have our rates set, directly or indirectly, by London or London management when it can be done in a more capable manner at home by our government railway, which is 100 per cent the property of the people of Canada, and in which they have so great a stake. I believe that our investment in the institution which is in fact setting the rates for the Canadian people is barely 10 per cent.

I am glad that Canada is going ahead with the St. Lawrence waterway project. I sincerely believe it will be of great benefit to this country as a whole. The returns to some parts of the country will be far greater than to others, but the enterprise is in the line of progress and will build up our nation, and that is what counts.

However, I think the Maritime Provinces are deserving of the Chignecto Canal.

Hon. Mr. MacLennan: Oh, that thing!

Hon. Mr. McLean: It is sorely needed, and would be of immeasurable help to shipping on our Atlantic coast. I also think that more defence work should be allocated to our Eastern Provinces. We are expected to pay our share of the taxes, and additional contracts for defence will put more money into circulation and give the people of these provinces the wherewithal to meet their increasing tax burdens. If work is not obtainable at home, our young people are forced to leave the Atlantic provinces to seek employment in the defence plants of Central Canada, and once they go they seldom come back.

I am glad to see our new province, Newfoundland, going ahead industrially under the guidance of its energetic premier, Mr. Smallwood. Certainly there has been a big change over there, and Newfoundlanders are to be congratulated.

I have covered quite a few subjects, and I feel that I have taken up enough time of this honourable body.

Hon. Mr. Aseltine: The honourable senator has not dealt with the dam on the South Saskatchewan River.

Hon. Mr. McLean: If the people who live in that area think it would be a good thing to have the dam, I will use what influence I have in the Maritimes.

Hon. Mr. Aseltine: Thank you.

Hon. Mr. Kinley: Honourable senators, I move adjournment of the debate.

The motion was agreed to and the debate was adjourned.

The Senate adjourned until Monday, November 26, at 8 p.m.

THE SENATE

Monday, November 26, 1951

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

Prayers and routine proceedings.

CANADA-UNITED KINGDOM FINANCIAL AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 10, an Act to approve the Financial Agreement between Canada and the United Kingdom, signed on the twenty-ninth day of June, 1951.

The bill was read the first time.

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

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

TORONTO HARBOUR COMMISSIONERS BILL

FIRST READING

A message was received from the House of Commons with Bill 9, an Act respecting the Toronto Harbour Commissioners.

The bill was read the first time.

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

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

CANADA LANDS SURVEYS BILL

FIRST READING

A message was received from the House of Commons with Bill 14, an Act respecting the surveys of public lands of Canada.

The bill was read the first time.

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

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

BILLS OF EXCHANGE BILL

FIRST READING

A message was received from the House of Commons with Bill 19, an Act to amend the Bills of Exchange Act.

The bill was read the first time.

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

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

CANADIAN MONEY SENT TO CHINA

INQUIRY

Hon. Mr. Reid inquired of the government:

During the past twelve months what sum or sums of money have been allowed by the Foreign Exchange Control Board to those of the Chinese race or nationality, living in Canada, for the purpose of forwarding to their relatives in China?

Hon. Mr. Robertson: Honourable senators, the answer to my honourable friend's inquiry is as follows:

Remittances from Canada of up to $100 per remitter per month may be made through any bank or post office without reference to the Foreign Exchange Control Board, and the board does not obtain information as to the destination of such remittances.

Applications for benevolent and support remittances in excess of $100 per remitter per month are referred to the board for approval. A few such applications have been received and approved for remittances to China, but the board's records are not maintained in such a way as to enable it to furnish information as to the number and amount of remittances which have been made to particular countries.

CANADIAN BROADCASTING CORPORATION

FURTHER ANSWER TO INQUIRY

On the Orders of the Day:

Hon. Mr. Robertson: Honourable senators, before the Orders of the Day are proceeded with may I refer to an inquiry made by my honourable friend from New Westminster (Hon. Mr. Reid) with respect to the Canadian Broadcasting Corporation. It will be recalled that on Thursday last I gave an answer to this inquiry, but my honourable friend expressed the view that the answer should be a little more definite. I am now in a position to give a fuller answer, as follows, to his query:

The recommendation of the Royal Commission as contained in their report to parliament, and as outlined under sections M, N, and O in page 297 of their report, have not yet been carried out, but are receiving careful consideration.

Hon. Mr. Reid: That is better.

OLD AGE SECURITY BILL

SECOND READING

The Senate resumed from Wednesday, November 21, the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill 13, an Act to provide for Old Age Security.

Hon. J. J. Kinley: Honourable senators, we are told in the Speech from the Throne that the primary reason for summoning this second session of parliament in the present year is the consideration of providing for our elder citizens a degree of old age security without a means test and as a matter of right. It is therefore of prime importance.

The honourable senator from De Lorimier (Hon. Mr. Vien) who moved the Address in Reply to the Speech from the Throne, traced the history of our social legislation from the first Old Age Pensions Act of 1927. For those of us who have had long experience in public life, it is most interesting to look back at the changes concerning social security which have taken place through the years.

I recall that in 1927 the federal government legislation spurred on the provinces to pass legislation providing for old age pensions. Canada at that time—some years after the First World War—was entering a period of depression, and our economy in many parts of the country was not buoyant, and taxation was greatly feared. The first complaint we heard about the pension was that it would be too costly. There was also the criticism that it rewarded the shiftless and penalized the hard-working and frugal, who were disqualified from receiving it. Further, there was criticism of the fact that a recipient could earn only a small sum of money apart from his pension; and there was fear on the part of those who had real estate, that if they took the pension the government would realize on their property. The limitations were such that only the very poor could enjoy the pension. Many people who were in receipt of small incomes found themselves in a difficult position. These problems had the result of making the administration of the legislation costly, and when election time came around there was always a good deal of criticism on the hustings about the payments that were being made, and the whole scheme for the payment of old age pensions was carefully overhauled. We are glad to see that these problems have now been removed, and that all those persons over seventy years of age who have been citizens of Canada for a certain period of time are qualified. without a means test. to receive $40 a month.

This is a beneficial and salutary measure. In normal times it would have been widely hailed as a great advance in social legislation. Probably the fact that it received unanimous support in the House of Commons, and has not been criticised in this chamber, has deprived it of that degree of public notice which would have been attracted to it had there been a certain amount of opposition. A contest in parliament would, I am sure, have caused a great deal of criticism and discussion in the country. In any event, while the world is in such a disturbed state, it is not to be expected that matters of this kind will obtain front page headlines. But I think that in time, as the benefits come along, our people will realize more generally that November 5, 1951, when the Old Age Security bill passed the House of Commons, is of historic significance for Canada. Naturally, as the bill was sponsored by the government and called for the expenditure of public money, it was introduced in the other place. The fact that the membership of that house passed it without a dissenting vote indicates a great advance in public opinion, and shows the extent to which we are prepared to go to provide security for people of seventy or over.

Coming, as I do, from a rural part of Canada, this legislation appeals especially to me as a splendid thing for our fishermen. The fisherman leads a hazardous life. His capital is continually in peril. Today he may be comparatively rich; in a few hours a storm may leave him very poor indeed. Because of the risks of his calling he cannot attain the security which belongs to some other occupations; insurance is costly and hard to obtain. As I have said, he is in constant danger of losing what it has taken him some years to build up. Under this Old Age Security bill a man, who upon reaching the age of seventy has little of this world's goods, will receive $40 a month, and if he is married, husband and wife together will get $80. That is going to mean a lot to the fishermen on the Atlantic coast.

In the many years I have been engaged in public life, travelling up and down that coast, I have become familiar with the problems of our fishermen; and speaking from that background I have no hesitation in saying that the old age pension will be a boon to the fishermen of Nova Scotia and the Maritime Provinces generally, and to many others in our rural communities who live simply and strive to keep at work as long as they can. The pension alone will not be enough to maintain them, and there is no intention that it should be; but it will both stimulate and aid them in the later years of their lives. I have in mind also the position of the old farmer who, having passed the age of hard work, may be found sitting in the home, probably looking on at what others are doing, and being in some degree dependent upon them. That was never a satisfactory condition. A cash pension will mean a lot to many an old farmer in straitened circumstances, for it will provide him with a degree of independence, and

make things run much more smoothly and happily in the home where he will end his days.

There are also a good many men and women working in small industries which cannot afford a pension system, and who, in their later years, find themselves out of employment. Perhaps they have saved enough to build a home, and have a little laid by.

This pension, provided by a beneficent government, will supplement their incomes and make it possible for them to live on in security.

Old age security has a special significance for married women. When a woman gets married she usually ceases to work for money. She is supposed to work for love. That is all very well; but in other days the wife of a man who had an income which would adequately maintain his family could not get an old age pension. She could not qualify for the pension because of that income. Today that sort of thing has gone. Can honourable senators imagine what this pension is going to mean to the older women of this country who have no income? They will get $40 a month. I think it is right that the women of our country should share in this worth-while pension as a matter of right, and without a means test or the earnings of her husband.

Some people maintain that this pension will cause inflation, and is inflationary to the degree that it provides money without production. Our modern economy is supposed to stand this kind of inflation. But is it really inflation, or is it just a delayed payment to our people who are over seventy for what they did for our country during their lifetime? The money that goes into the payment of this old age pension will not be lost, but will be paid to those who need it most. They in turn will spend it, and so it will go back into the pool. This will mean that more money will be put into circulation, and this will provide an opportunity for others to earn more. I cannot see that there is any danger of an inflationary nature from this old age pension plan. It could be said, I suppose, that entertainment in this country involves the spending of money without production. We all realize, however, that entertainment is essential, that for the health of our people and the good of the community there must be recreation. The idea behind the spending of money for recreation and entertainment is endorsed by everybody. We do not worry about the inflation it may cause, and I do not think we need worry about any inflation that may be caused by this old age pension. After all, we are getting to a stage where there is a better distribution of wealth; where money, instead of getting into the hands of a few, is getting into the hands of many. It is a splendid thing to know that the smaller wage earners of Canada will benefit from this pension to the extent that they can enjoy a better life. This legislation is a sign of progress, and it is only natural that everybody should be in favour of it.

Honourable senators, this pension is necessary for the comfort and security of our older citizens. It is sound business. In the generosity of its provisions and the breadth of its coverage, this new program for old age security is most comprehensive; and Canada is the first country to pay a universal pension without a means test.

Some Hon. Senators: Hear, hear.

Hon. Wishart McL. Robertson: Honourable senators—

The Hon. the Speaker: Honourable senators, I must inform the house that when the mover of a bill speaks to it for the second time he closes the debate. Therefore, if any honourable senator who has not yet taken part in this debate wishes to do so, he should proceed before the leader of the government (Hon. Mr. Robertson) does so.

Hon. Mr. Haig: Honourable senators, I notice by the Order Paper that the adjournment of this debate stands in the name of the honourable senator from Churchill (Hon. Mr. Crerar). May I suggest that, because of his illness, his right to speak on the third reading of this legislation be reserved. I have not been asked by the honourable senator from Churchill to make this request, but I do so because I am aware of his present illness. I would suggest that any right he may have to speak on the third reading of the bill be reserved.

Hon. Mr. King: Is that not his right anyway?

The Hon. the Speaker: Any honourable senator may speak on the third reading of a bill.

Hon. Mr. Robertson: Honourable senators, since this debate has stood in the name of the honourable senator from Churchill for several days, I was on the point of explaining that our colleague had informed me that it was highly unlikely he would be able to speak to the bill until it was before the house for third reading. With all deference to the honourable leader opposite (Hon. Mr. Haig), I do not believe that any reservation of rights is required to enable the honourable senator

from Churchill to speak on the third reading. Anyone has the right to speak on the third reading of a bill.

Hon. Mr. Haig: Yes.

Hon. Mr. Robertson: Honourable senators, this measure has met with such a high degree of approval by this house that I would not undertake at the present time to make further comment about it were it not for one or two observations that have been made by those who have taken part in the debate. I felt that one of these observations was of more than passing significance.

First, I should like to refer to the pertinent remarks made by the honourable senator from Peterborough (Hon. Mrs. Fallis) when she expressed regret that the method of financing this pension plan could not in its totality have the effect of bringing home to every individual the fact that the fund will be secured only by taxation. I think this is true, particularly of that portion of the fund which will be secured through the 2 per cent sales tax. As the honourable senator pointed out, the 2 per cent sales tax is incorporated in the structure of this scheme in such a way that the average Canadian will find it difficult to appreciate the connection between the two. I am sure, however, that the plan, so far as the income tax is concerned, will have substantially the effect desired by the honourable senator. I notice that there were some 2,231,970 taxpayers in Canada in 1949. Now, if one tax return represents two people, as is in the case in my household, approximately four million Canadians will be directly affected by the system by which the pension fund is to be collected. Although it is true that many wage earners will not have to contribute through income tax, because they are in a too low income bracket, many of these people are in the rural parts of the country, and have an appreciation of public business far beyond the amount of their income. In the few weeks I spent in the rural parts of Nova Scotia during the past summer I saw much evidence that the size of income is by no means a measure of ones appreciation of public business. I am quite confident that there is a very keen realization that these moneys cannot be secured except through some form of taxation.

The senator from New Westminster rather took me to task for having echoed a remark made in the other house by the Minister of National Health and Welfare, to the effect that this measure and others of the same kind are part of our answer in Canada to the challenge of other economic systems, such as communism. Just in passing I may say that I think my honourable friend was unduly exercised. The decision to bring in this legislation was not hastily arrived at. It was originally proposed by the federal government to the provinces in 1945, when Soviet Russia was our ally in the fight against Nazism; so by no stretch of the imagination could it be said that this legislation was a challenge to any particular economic system. However, in my opinion it was quite proper for the Minister of National Health and Welfare to point out, incidentally, that the measure would have a very definite influence in convincing the people of Canada that our own economic system presents to everyone in the country far greater benefits than could be obtained under communism or any other ism that has yet been known.

My honourable friend from New Westminster made some other comments with which I personally do not agree. I wish to apologize to him again for referring to his speech in this way. It is not my intention to be critical of his remarks, for I always appreciate his views on legislative matters. But as I listened to him the other day it occurred to me that perhaps one or two statements he made did not express precisely what he had in mind. I will quote the statements to which I have reference, and if my honourable friend feels that they do not fairly convey his opinion he can correct me. At one place in his very excellent speech he said:

> I am gradually coming to the view that thrift as we knew it is outmoded, out of date.

A little further along he said:

> I think most senators were born and brought up in the "root hog or die" age, when every boy and man was taught to work hard and save, and put away something for his old age. That custom is gradually passing away, if it has not already passed, and today our people are looking to the state, to the government, to take care of almost every phase of our life.

And a little later:

> Now I wish to take a moment or two to outline why I believe that the monthly pension of $40 proposed in the present bill is not enough.

Honourable senators, I do not propose to argue that every person in this country is as thrifty as he or she ought to be, or saves the utmost amount possible; on the other hand, I do not believe that thrift is outmoded or out of date. Neither am I prepared to argue that $40 a month will provide a desirable standard of living for a person at the age of 70; but, as I said when moving second reading of the bill, the payment of this amount without a means test will provide an excellent foundation upon which everyone can to a greater or lesser degree build his or her own old age security plans.

I do not find fault with any senator for expressing his own views on this question, for it is only by discussion that the majority opinion can be arrived at. But there is a point which I wish to suggest to the house; the members of the Senate are men and women of wide experience, and no one can tell how much influence the opinions that we voice here may have on people generally.

Now I should like to outline, for what it is worth, a different approach to this question. If I may, I will use the approach that I should take if at the end of the session I had the opportunity of explaining this bill to my own boys—or to my girls, if I had any; or, if I had neither, to any young people who might have more than a passing interest in what I had to say. My boys are in their twenties, and I should put it to them something like this:

We passed this session—for, honourable senators, I assume the bill will be passed in the Senate and become law—we passed legislation that will have a most profound effect upon your future. You no doubt feel, as we who are now older felt when we were in our twenties, that the age of 70 is a long way off, and that before it is reached fortune will have smiled upon you so kindly that you will not need outside financial assistance of any form during the remainder of your life. I think most young people have felt that way. Nevertheless, statistics show that of the men and women who reach 70 years of age 80 per cent are not then able to engage in any very remunerative work, and approximately 50 per cent of these have not sufficient means laid by to provide a reasonably decent living for themselves. Now, for my part I do not think, nor do most people, I imagine that $40 a month is sufficient to provide a desirable standard of living for a Canadian at the age of 70, but bearing in mind that the payment is made without a means test, it is really larger than is generally realized.

Just by way of illustrating how much a couple would have had to save in order to bring them in $40 each at the age of 70, let us suppose that tomorrow a man and his wife, both of this age, went to purchase a Canadian Government annuity, which I understand is made available to our people on more reasonable terms than any other annuity. A life annuity of $480 a year for the man would cost him a cash payment of $4,689; and one of the same amount for his wife—whose life expectancy is of course longer—would cost $5,500; so that the total amount of cash needed to buy the annuities for both of them would be $10,189.

Hon. Mr. Burchill: At what age?

Hon. Mr. Robertson: Seventy.

Hon. Mr. Duff: Why should such people want a pension when they have $10,000?

An Hon. Senator: They did not have it.

Hon. Mr. Duff: I understood my friend to say they did.

Hon. Mr. Robertson: I say that despite the insufficiency, if you like, of this pension to provide people with a desirable standard of living, it is at least a foundation, something which they can supplement as far as their good fortune, judgment and thrift will permit, in order to attain security in their old age.

Hon. Mr. MacLennan: May I make an observation? I have never understood that either this old age security legislation, or the previous measure, was intended to provide enough for any person to live on. My understanding has always been that it was simply assistance to old people.

Hon. Mr. Robertson: Quite. I am making a distinction as to the present legislation, because it does not require a means test. This income will go to persons of seventy years and more, and will be over and above whatever they have been able to save during their lifetime. I want to emphasize that, bearing in mind the cost of an annuity, the pension represents a substantial amount.

If I were counselling people on questions of personal income, I would point out that they could expect to receive not less—and perhaps more—than the present pension legislation provides; but, that they should commence at the very first opportunity to lay aside something by way of savings to supplement the pension. I would endeavour to convey to them certain programs of thrift, notwithstanding what my friend has perhaps unwittingly said about thrift being outmoded.

My first suggestion to these people would be that they purchase life insurance; that not only would it create an immediate estate, but by the payment of a small additional premium it could be turned into an annuity to mature at some predetermined age, say 65 or 70 years, and in the meantime it would give protection. I would point out, honourable senators, that there is nothing new in this form of savings, and that increasing numbers of people are buying life insurance; that in 1939 Canadians held 6,419,704 policies, with a face value of $7,088,000,000, and that by 1950 the number of policies had increased to 9,010,976, with a total face value of $16,730,000,000.

Hon. Mr. Howden: Were those policies taken out on seventy-year old people?

Hon. Mr. Robertson: No; they were taken out on persons of all ages. I am merely making the point that saving in this fashion is certainly not outmoded.

I turn to another acceptable method of saving, namely through the savings account, which earns some interest. The figures show that an ever-increasing number of persons are depositing their savings in banks. As of October 31, 1939, there were in ten chartered banks 4,161,000 savings accounts, totalling $1,709,000,000; by September 30, 1951 the number of accounts had increased to 7,380,000, with a total value of $4,594,000,000. These figures indicate, honourable senators, that the savings account is not out of date.

I have in mind a further method of saving—though it is somewhat more difficult to secure statistical information as to its popularity. I recall that during the war years the Victory Loan campaigns in the city of Halifax, where I was then working, showed an ever-increasing number of subscribers. In the first campaign, there were I think, some 9,000 buyers of bonds; that number increased throughout the various campaigns, and in the last one that I had anything to do with—I think it was the seventh loan—that number of subscribers had reached 55,000. What has happened in the intervening years with respect to bonds I do not know, but a statement reached me the other day which indicated that in the last year a considerable quantity of bonds held by individuals had been disposed of. Whether they have gone to the life insurance companies, or where, I do not know; my impression is that there are in this country, millions of individuals who purchased bonds during the war years and who still hold them.

Hon. Mr. Baird: Would the honourable senator permit a question?

Hon. Mr. Robertson: Certainly.

Hon. Mr. Baird: At what price were these victory bonds sold?

Hon. Mr. Robertson: They were sold at par, $100.

Hon. Mr. Baird: And has the honourable senator any idea what they are worth today?

Hon. Mr. Robertson: Yes, I know, because I own some.

Hon. Mr. Baird: Then may I ask what they are worth?

Hon. Mr. Robertson: The bonds I bought at par went at one time to $105. Unfortunately I was not wise enough to take advantage of their appreciated value. At the present time the 1966 bonds are quoted at 94½ bid and 95½ asked.

Hon. Mr. Baird: I know persons who bought bonds last year at 99·75 which today are not redeemable at 92. To me that is saving in another direction.

Hon. Mr. Robertson: I am sure my honourable friend knows a great deal more about financing and bonds than I do, and I shall not undertake to inform him on the question. I think, however, that he should make a distinction between the Canadian savings bonds, issued on the basis of 2¾ per cent interest, and guaranteed as to principal, and other bonds that are guaranteed as to principal only at maturity. It must be remembered that the Victory Loans were all made on a long-term basis, and that to realize the full returns they had to be held until maturity. My honourable friend knows that shortly after the sale of certain government bonds the interest rates of the world dropped to less than 3 per cent. With the lowered interest rate, bonds which were bought at 100 were being sold as high as 105. Obviously, as interest rates go up, the price of long-term bonds is likely to drop, temporarily, until they approach maturity. It may be assumed that if interest rates increase there will be some further slackening of the price; if interest rates fall, the reverse will occur. Generally speaking the market reflects varying conditions in the period between the date of issue and the date of maturity. But let it not be overlooked that these bonds are payable at par when they mature. What I have stated is of course elementary and familiar to honourable senators, many of whom, no doubt, bought and sold bonds before I knew the value of a ten-cent piece. But despite fluctuations, I affirm that there is not in this world today a better investment than these bonds.

Hon. Mr. Baird: I do not agree. To buy at 99 and sell at 91 does not represent my idea of a good investment.

Hon. Mr. Robertson: Consider the situation with regard to Canada Savings bonds. Last year $285,558,400 worth of bonds were disposed of, and of these $156,199,400 worth were purchased through payroll plans. Certainly that indicates widespread participation and considerable saving.

Another way in which the $40 per month grant can be supplemented is through commercial annuities. Various annuity and pension plans have become part and parcel of governmental and business activities. As honourable senators know, all permanent employees of the federal government are pensionable. Provincial governments and many municipal governments and business

organizations have pension or annuity plans; and these, of course, will be supplemental to the benefits under this legislation.

I might illustrate the possibilities in this direction by what can be done when certain amendments, now under consideration, in respect of government annuities become law. I recently noticed in a United States magazine an attractive advertisement by an insurance company depicting a man and his wife, aged sixty-five, enjoying their retirement on annuities of $2,400 paid by the company. Let me show you how the provisions of this bill may be incorporated into a retirement plan of this kind. Suppose that a man and his wife, having arrived at the age of sixty-five, decided to purchase two annuities of $1,200 a year for the period of their lives. According to present rates, an annuity for the male would cost $13,980, and for the female, $16,248; a total of $30,228. Now consider this provision in the light of the Old Age Security Bill. It will be possible under this legislation for a couple to purchase at the age of sixty-five annuities of $1,200 a year each, payable from sixty-five to seventy. At the age of seventy they can avail themselves of the federal pension of $40 per month and reduce their purchased annuities to $60 per month each. I would not care to commit myself to exact figures, because questions of compound interest are involved; but whereas, on the basis of government life annuities of $1,200 each, valid at the age of sixty-five, this couple would need to invest $30,228, they will now be in a position to take advantage of the "matter of right" pension at seventy, and thereby reduce the cost of annuities of $2,400 a year by between nine and ten thousand dollars, to slightly over $20,000. The same principle holds good in respect of smaller amounts. The purchase at sixty-five of two $900 life annuities for a male and a female requires slightly over $23,000. But if the purchase is reduced by the "matter of right" pension granted at seventy, the purchase-price for the couple would be something over $13,000. Whether or not married people decide to provide for themselves by progressively purchasing annuities over the years, or by accumulating their money in the form of bonds or any other medium they see fit to use, the likelihood is that in future they will be able to build up whatever they deem to be an adequate retiring allowance with much less difficulty than hitherto.

I believe, honourable senators, that this is a piece of legislation which we can support with the greatest confidence. I shall be astonished if life insurance companies do not incorporate in their annuity systems features which, on account of the federal annuity, will lessen the amount to be provided for by their clients.

I agree with the honourable senator from Peterborough (Hon. Mrs. Fallis) that the bill should be regarded—and its very name implies this—as no more than a foundation upon which, in various ways, young and middle-aged people may proceed to build a substantial provision for their later years, feeling that what they receive is theirs as a matter of right, and that for the thrift they practise or the savings they achieve in the intervening period they will not be penalized in any way, shape or form,

Hon. Mr. Duff: Will the honourable leader (Hon. Mr. Robertson) tell us how these pensions are to be paid for? He has not said a word about that.

Hon. Mr. Robertson: I may tell my honourable friend that the point he mentions has already been dealt with, but I shall be quite willing to answer his question either in committee, or when the bill comes before us for third reading.

The Hon. the Speaker: Honourable senators, the motion is for the second reading of this bill. Is it your pleasure to adopt the motion?

Hon. Mr. Duff: On division!

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

REFERRED TO COMMITTEE

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

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

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, November 27, 1951

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

Prayers and routine proceedings.

OLD AGE SECURITY BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 13, an Act to provide for Old Age Security.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill 13, an Act to provide for Old Age Security, have in obedience to the order of reference of November 26, 1951, examined the said bill, and now beg leave to report the same without any amendment.

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

Hon. Mr. Robertson: Next sitting.

VISITING FORCES (NORTH ATLANTIC TREATY) BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 22, an Act to implement the agreement between the parties to the North Atlantic Treaty regarding the status of their forces, signed on the 19th day of June 1951.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill 22, an Act to implement the agreement between the parties to the North Atlantic Treaty regarding the status of their forces, signed on the 19th day of June, 1951, have in obedience to the order of reference of November 22, 1951, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

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

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

INDIAN LANDS IN BRITISH COLUMBIA

INQUIRY

On the inquiry of Hon. Senator Reid:

1. Are any Indian lands affected by the granting by the provincial government of British Columbia of certain water rights to the Aluminum Company of Canada?

2. If so, what steps have or are being taken by the Department of Indian Affairs to protect the rights of any Indians affected, or likely to be affected, by the operations of this large concern?

Hon. Mr. Robertson: The answer is as follows:

1. Yes.

2. The matter has been the subject of discussions between officers of the Indian Affairs Branch and representatives of the Aluminum Company of Canada.

TORONTO HARBOUR COMMISSIONERS BILL

SECOND READING

Hon. A. W. Roebuck moved second reading of Bill 9, an Act respecting the Toronto Harbour Commissioners.

He said: Honourable senators, this bill came into my hands only a few moments ago, and I have not got all the details which I should like to have.

The bill is presented on the recommendation of the Toronto Harbour Commission, and has three objectives. First, it would define in metes and bounds the present north limit of Toronto harbour. Over a period of roughly forty years, more than a thousand acres of land have been reclaimed along the water's edge, extending southerly the useable land area in the city of Toronto. The line, as defined in the schedule to the bill before us, follows the line described in the Toronto Harbour Commissioners' Act of 1911 as "water's edge", and includes docks and piers in certain locations. The north limit of the land conveyed to the commissioners and put under their jurisdiction by the federal and provincial governments and the city of Toronto, is defined precisely by metes and bounds.

The second objective of this legislation is to grant the harbour commissioners the right to levy tolls on oil and gas delivered in future by pipe line instead of by cargo ships, as at present.

In 1950 the total dues collected by the Toronto Harbour Commission amounted to $307,000. Of this sum $140,000 came from oil deliveries and $118,000 from coal. When pipe lines are laid, oil deliveries by tanker will cease and deliveries of coal will diminish. As long as the oil and coal companies retain the dockage facilities and enjoy the use of the lands created by the commission, which are tributary to the waters of Toronto harbour, it is felt that the commission's revenues heretofore derived from harbour dues on petroleum and coal products, should not be

allowed to be materially decreased because of a change in the method of transportation of these products.

Thirdly, it is proposed by subsection 4 of section 3 of the bill to increase the maximum penalty permissible for infringement of the act, or the by-laws of the corporation, from $50 to $1,000. It may be recalled that several years ago the waters of the harbour were fouled for an entire summer by the action of one of the oil companies in dumping a great quantity of oil into Toronto Bay, resulting in the denial of bathing facilities to many Toronto inhabitants. It is felt that a fine of $50 is totally inadequate for such an offence.

At the present moment, there are in Ottawa four members of the Toronto Harbour Commission, and also representatives of the oil companies, and as these gentlemen desire to be heard by the committee, I would ask that this bill be given second reading now so that it may be referred at once to the Standing Committee on Transport and Communications.

Hon. Mr. Haig: Will the companies bring the oil to the harbour by pipe lines?

Hon. Mr. Roebuck: I assume they can bring it anywhere they like. In order to reach their present facilities they have to cross the harbour commission's property, and when they do so, the commission, if we give them the required permission, will be in a position to levy fees and tolls on the oil that comes in that way, and thus replace the revenue which formerly was derived from oil which arrived by tankers. As I read the bill, it contains no power whereunder the Harbour Commission can charge tolls on oil which passes over the lands of other people.

Hon. Mr. Reid: Certain amendments of the bill were made in the other place. Do the printed copies now before us and on file contain those amendments? If not, I shall rise on a point of order.

Hon. Mr. Roebuck: I think it is the invariable practice, when a bill is passed with amendments by the Commons, to send it to us in the amended form. I am told that this is the bill as amended.

Hon. Mr. Reid: It looks to me like the original bill. If I am assured that it includes the amendments, I shall have no objection.

Hon. Mr. Roebuck: I was not in the Commons at the time, but my information is that this is the bill as passed by the other house.

Hon. Mr. Haig: What service will the harbour commission give to companies which bring in their oil by pipe line?

Hon. Mr. Roebuck: As appears from the notes which I read, that the harbour commissioners have added to the area of Toronto about a thousand acres, and have supplied the oil companies—no doubt at a price—with facilities convenient to the harbour where large quantities of oil have been transported and delivered to them. Certain fees were charged to the companies when the oil came in by boat. It is proposed that in the future, though not in the early future, oil will be conveyed to these same facilities over harbour commission property, but by pipe line instead of by ship. So, if the revenues of the harbour commission are to be maintained, we must invest it with the little extra authority necessary to collect on oil which comes in by pipe line rather than by boat.

Hon. Mr. Haig: Are there refinery facilities on the waterfront?

Hon. Mr. Roebuck: There is storage.

Hon. Mr. Wood: Refineries?

Hon. Mr. Roebuck: There are no refineries, but there are storage facilities.

Hon. Mr. Wood: And they may be some place else.

Hon. Mr. Roebuck: Well, if they are, the harbour commission will not be troubled with them, and the companies will not pay the commission any fees if the oil is stored elsewhere. But while the companies use the harbour commissioners' facilities and cross their lands with pipe lines or otherwise, the commission should, I think, be given the power to collect sufficient fees to carry on its activities.

Hon. Mr. Vien: Will the honourable senator from Toronto-Trinity explain why the commissioners are not at present in a position to charge for services such as storage? Are they not empowered to do so by their act of incorporation?

Hon. Mr. Roebuck: Not as I understand it. That is the reason for this bill. Under the present Act they have the right to charge for ships docking and that sort of thing. When the Harbour Commissioners Act of 1911 was passed nobody thought of pipe-lines; consequently this power is necessary if they are to sustain their revenues.

Hon. Mr. Vien: Is the pipe-line to be the property of the Harbour Commissioners?

Hon. Mr. Roebuck: Not the pipe line itself, no.

Hon. Mr. Vien: Is the charge contemplated to be for piping the oil or is it to be for storing the oil in storage facilities provided by the Harbour Commissioners?

Hon. Mr. Roebuck: It is a charge upon the oil as it passes through the pipes across the property of the harbour board. It will, of course, involve storage service; but it will not, as I understand it, be a storage charge.

Honourable senators should bear in mind that this bill will be sent to committee, where it will be dealt with tomorrow, and where questions will be capably answered by persons more familiar with the bill than I am at the moment. I only arrived back in Ottawa this morning. The bill is an important one and one, emanating from my city of Toronto. I therefore take pleasure in sponsoring it.

Hon. Mr. Hayden: Honourable senators—

Hon. Mr. Haig: Honourable senators, I do not intend to delay the house in discussing this legislation—

The Hon. the Speaker: Honourable senators, the honourable gentleman from Toronto (Hon. Mr. Hayden) has the floor.

Hon. Mr. Hayden: Honourable senators, I am sorry to interrupt my friend from Winnipeg (Hon. Mr. Haig), but I have been struggling for some time to say a few words about this bill, because it affects the Toronto Harbour Commissioners. I think an additional word of explanation may be this. Some of the harbour board property where the oil companies have their installations—particularly the docks, wharves and other facilities bordering on the waterfront—is held by way of leasehold. Therefore the harbour board still holds control over these facilities; and all the board is seeking is the authority to maintain its revenues. The board feels, that if oil is to be moved by some means other than water transport into the storage facilities which are located on the leasehold property—the docks, and so on of these various companies—it should receive some revenue from this operation.

Hon. Mr. Euler: Is the board not already getting paid for this?

Hon. Mr. Hayden: The board is getting revenue now from oil brought in by tankers and moved over its property. If oil, instead of coming in by water, is to be brought in by pipe-line over freehold lands already owned by the board and deposited in storage facilities on leasehold property maintained by the oil companies, the board feels that it should be able to draw revenue from this operation. The board takes the position that this property should not be bottled up or shut off without any ability to earn. If the oil companies do not want to use their facilities while getting oil by pipe-line rather than by tankers, they should move them so that the property can be put into the hands of some other person who will make it revenue producing. That is the essence of the important part of this bill. It is to maintain the revenues of the harbour board. The oil is moving on to leasehold properties of the harbour board from the land instead of from the water. As long as it is moving via water the board has authority under the present Act to collect tolls, and it says that so long as the facilities are used it wants to collect revenues, and that if they are not going to be used it should be advised accordingly, so that it can get some person else who will make use of them and provide revenue.

Hon. Mr. Dupuis: Where is the oil coming from? Is it coming from the West by pipeline?

Hon. Mr. Roebuck: From Sarnia.

Hon. Mr. Haig: It comes from Alberta, really.

May I ask my honourable friend a question? Do the oil companies pay any taxes on that property to the city of Toronto?

Hon. Mr. Hayden: I should expect so.

Hon. Mr. Haig: Then what this bill proposes is the adoption of an altogether new principle of taxation. If the oil companies built tanks on their own property this bill would not empower the harbour board to tax them, I take it.

Hon. Mr. Hayden: That is quite true. I do not know how it could.

Hon. Mr. Haig: It could, if the bill contained provisions to that effect and we passed it.

Hon. Mr. Hayden: How could the harbour board tax the companies if they owned the land?

Hon. Mr. Farris: This is more like a service fee, is it?

Hon. Mr. Haig: The companies must have entered into a contract with the harbour board when they built their plants there. I am not a citizen of Toronto and not familiar with the harbour board there, but it seems to me that what this bill proposes is an additional tax on gasoline, which the consumer will have to pay.

Hon. Mr. Hayden: No, that is not it at all.

Hon. Mr. Haig: When you get down to it, that will be the result.

Hon. Mr. Hayden: No, that will not be the result. When the bill is in committee you will find out that it will not affect the cost of gasoline.

Hon. Mr. Haig: Oh, yes, it will. Otherwise, the companies could reduce the price. In my city of Winnipeg the bringing in of gasoline by pipe line will result in a reduction in cost. The gasoline used to be brought in by railway, but it will now come in by a pipe line, which we are not attempting to tax, and as soon as our plant opens we shall be able to buy gasoline cheaper than before, and the price will continue to be cheaper than it was before. Similarly, the cost of the gasoline in Toronto should be cheaper when brought in by pipe line, unless the companies have to pay this tariff to the harbour board. Unless the companies have a terrific investment in plant where they are, I cannot see why they should not move the terminus of their pipe line on to land which they themselves own.

Hon. Mr. Hayden: That is the obvious alternative.

Hon. Mr. Haig: In Manitoba we have been advised—I do not know whether the advice is correct or not—that delivery by pipe line is much cheaper than delivery by the old system. Now, why should the consumer not get the benefit of that reduction in cost? Why should any harbour board set itself to tax the companies out of any savings which otherwise would accrue from delivery by pipe line? I am not interested at all in the city of Toronto, and I have no stock or other interest in any oil company anywhere, but I am a consumer of gasoline, and if the companies can save a cent or two per gallon through the shipment of oil by pipe line, I do not see why some harbour board or anybody else should step in and tax the companies to such a degree that the saving in delivery costs will not be passed on to me. I think that this bill should be sent to committee, for a good deal of further explanation is required.

Hon. Mr. Roebuck: May I have the indulgence of the house to clear up this point? If honourable members will look at the bill itself, which, after all, is the criterion, they will see—

The Hon. the Speaker: I would remind the house that unless the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) has leave to make a further explanation, if he speaks now he will close the debate.

Hon. Mr. Roebuck: I ask for leave.

Hon. Mr. Dupuis: I should like the sponsor of the bill to state if the Toronto Harbour Commission intends to impose a tax on oil companies just because their pipe lines happen to pass underneath harbour commission property? If that is so, I cannot understand it. Why should the Toronto Harbour Commissioners or any harbour commissioners in the country be entitled to tax an oil company because its pipe line passes underneath harbour commission property, when owners of other lands through which pipe lines pass have no right to impose a tax? I do not see the logic of that.

Hon. Mr. Haig: Question!

Hon. Mr. Roebuck: If no one else wishes to speak—

Hon. Mr. Vien: I think the honourable gentleman from Toronto-Trinity should have leave to give an additional explanation before the debate is closed. There is a principle in the bill, and passing of the motion for second reading is supposed to be acceptance of the principle. On the basis of the information that I have at this juncture I am unable to accept the principle of this bill, and I hope the honourable member will be permitted to give us further information before closing the debate.

Hon. Mr. Dupuis: I should like to have an answer to my question.

Hon. Mr. Paterson: May I ask the sponsor of the bill one question? Is it the intention to maintain revenue or to increase revenue?

Hon. Mr. Roebuck: To maintain revenue.

Perhaps I may be allowed to answer the question of my honourable friend from Rigaud (Hon. Mr. Dupuis) without running into too much trouble with the rules. The distinction between an ordinary owner of land and the harbour commission in this instance is that the commission has to maintain a harbour and provide all the services that are required for the reception, delivery and out-shipping of oil. I am not in a position to enumerate these services in detail.

As I was about to say a little earlier, the bill itself, as will be seen at line 10 and the following lines on page 2, provides for the imposition and collection of rates and tolls on goods, materials or commodities—these terms would include oil and such things—when transported into, from or within the harbour of Toronto. That is all the authority that is given. If oil companies bring oil into the harbour, which is under the jurisdiction of the Toronto Harbour Commissioners, tolls similar to those formerly collected may be collected again. There is no intention of increasing the amount or, as suggested by the leader of the opposition (Hon. Mr. Haig), of taking away from the companies the savings that they make through pipe line deliveries.

Hon. Mr. MacKinnon: Who fixes the rates?

Hon. Mr. Quinn: The net revenue of the oil companies would increase with the volume of oil?

Hon. Mr. Roebuck: Yes. The oil companies made tremendous profits in the past when they brought oil into the harbour by ships and paid harbour tolls. Now that they intend to make delivery by pipe line there is no reason why the facilities of the harbour should be extended to them without charge. In view of the new method of transportation, unless some additional authority is given to the commission, the oil companies will retain their advantages and pay nothing for them. It seems to me that if they are to get benefits for which they have been willing to pay in the past, they should continue to pay for them in the future.

Hon. Mr. Dupuis: If companies bringing oil to the city of Toronto build storage facilities outside of the property of the Toronto Harbour Commission, will the companies be in need of services from the commission?

Hon. Mr. Roebuck: If they do not need the services, the passage of the bill will not affect them; that is, if the oil companies store their oil elsewhere, this measure will have no application. They are free to do that. On the other hand, if they continue to use the facilities of the harbour then they must be subject to some tolls, which would be used to maintain the harbour.

Hon. Mr. Euler: But the oil companies are now paying something—call it rental or something else—for the use of facilities which belong to the harbour commission.

Hon. Mr. Roebuck: Yes. They pay taxes to the city.

Hon. Mr. Euler: Then what services will the oil companies get, if they use pipe lines instead of ships?

Hon. Mr. Hayden: The same services.

Hon. Mr. Roebuck: I fancy that is so. The companies will, for instance, be shipping oil out.

Hon. Mr. Euler: I understood my friend to say that no compensation is being received for the services. The city of Toronto is now receiving something for the use of these facilities.

Hon. Mr. Roebuck: The city is in the ordinary way receiving taxes which amount to about $2 million. But the city is not interested in this argument at all. It will continue to collect taxes, as in the past.

Hon. Mr. Reid: May I ask the sponsor of the bill how oil is now being handled? If it is being brought in by ships, they would certainly have to pay compensation to the harbour commission.

Hon. Mr. Roebuck: That is correct.

Hon. Mr. Reid: And if oil is brought in by tank cars, payment is made to the railway, and not to the harbour commission.

Hon. Mr. Roebuck: Yes.

Hon. Mr. Reid: But if oil is brought in by pipe line instead of by tank cars, is it intended that the companies should still be charged?

Hon. Mr. Roebuck: That is right. If the oil companies bring in oil by tank car, and use harbour facilities, they will be subject to an impost by the harbour commissioners. It is only when they come into the harbour and use its lands and facilities of the commission that there is any opportunity or authority to levy tolls, and they are very small.

Hon. Mr. Dupuis: Do I understand that oil which is stored in reservoirs or tanks on oil company property is shipped to some other part of the country through the harbour commission?

Hon. Mr. Roebuck: No. The supply is largely distributed in the city of Toronto, I think, and the harbour board property is used for that purpose.

Hon. Mr. Isnor: Will the senator from Toronto-Trinity please explain the first objective of the bill, namely, the extension of the north boundary line.

Hon. Mr. Roebuck: I am sorry, I cannot explain that. I understand that that is the boundary line set out in the original legislation as "water's edge". This measure would define the boundary in metes and bounds rather than in the broad term "water's edge". The water's edge means the lake shore, but that has long since changed. As I understand the measure, it does not extend the boundary it merely states in metes and bounds what is now the boundary.

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

REFERRED TO COMMITTEE

The Hon. the Speaker: When shall the bill be read the third time?

Hon Mr. Vien: Honourable senators, I understood that the bill was to be referred to a committee.

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

The motion was agreed to.

CANADA-UNITED KINGDOM FINANCIAL AGREEMENT BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill 10, an Act to approve the Financial Agreement between Canada and the United Kingdom, signed on the twenty-ninth day of June, 1951.

He said: Honourable senators, this bill deals with a financial agreement made between Canada and the United Kingdom, which came into effect in January, 1942, ran until 1946, when it was extended until January 1, 1951. This measure would continue the agreement until January 1, 1954.

It will be recalled that at the beginning of 1942 Canada had accumulated about $1 billion worth of sterling, and so far as England was concerned the situation was considered serious. Canada at that time made an agreement with the United Kingdom under which we set aside $300 million of the $1 billion for the purpose of repatriating Canadian government bonds, and other securities guaranteed by the government, which were held by residents of the United Kingdom. Canada funded the remaining $700 million without interest for a certain period, to be payable on demand at a time declared by the Governor in Council to be the official termination of the war. In 1946 Canada made an agreement with the United Kingdom covering advances to that country of $1,250 million and parliament agreed that the earlier agreement would be extended to January 1, 1951.

In the interval, United Kingdom residents have sold Canadian securities and the dollars received therefrom have been applied by the Bank of England in reduction of the balance of the funded debt. Where there has been redemption of Canadian securities held by United Kingdom residents, the funds received by the Bank of England have been applied in reduction of the balance of the indebtedness in the amount of $700 million. The balance owing today by way of funded debt is $229 million. The only departure from the rule laid down is that the Bank of England or the people of the United Kingdom may use Canadian funds received from the sale of Canadian securities and the redemption of securities. That is to say, in a *bona fide* case of a British manufacturer who possesses a special technique or "know-how," and intends to set up his industry in Canada—assuming it would be good for this country—the Bank of England is permitted under the existing arrangement to use Canadian funds for the purpose of financing the development of that industry in Canada, rather than applying the moneys to reduce the balance of the indebtedness.

But the indebtedness has gone away down. In 1942, when it was funded, it amounted to $700 million; today it is only $229·8 million; and it is hoped and expected, unless there are entirely unforeseen circumstances, that by January 1, 1954, the next due date, the major portion or the whole of this balance will have been repaid.

Hon. Mr. Haig: What happens in the case of a man who, having lived in Canada, goes to Great Britain, remains there for a while, and dies, and by whose will property in Canada owned by him is bequeathed to Canadian beneficiaries? As I understand it, the money realized by the sale of the property must be sent to Great Britain. Will it be returned, or what will become of it?

Hon. Mr. Hayden: I can only answer my honourable friend in general terms. Any person who is a resident of the United Kingdom is, of course, subject to the foreign exchange control laws of that country. The honourable senator has made the supposition that this person, though he has assets in Canada, has become a resident of the United Kingdom.

Hon. Mr. Haig: I did not make a supposition. I know of such a case.

Hon. Mr. Hayden: I assumed that my honourable friend was dealing with a hypothetical case.

Hon. Mr. Haig: No.

Hon. Mr. Hayden: Also, knowing him as well as I do, I surmised that back of the hypothetical case was an actual experience. However, for purposes of the record I am treating it as hypothetical.

Hon. Mr. Haig: I did not mention any names.

Hon. Mr. Hayden: I have said the general rule is that a resident of the United Kingdom is subject to the foreign exchange control laws in effect there. If, as a result of the liquidation or sale of Canadian securities owned by him, he receives Canadian funds, the money must be applied by the Bank of England in reduction of the balance of the Canadian funded debt. The only exception to that rule is the one I mentioned: in a proper case, in lieu of dollar funds being paid to Canada, the money may be applied to the location and development of an industry in this country.

Hon. Mr. Haig: But the man is dead.

Hon. Mr. Hayden: He may be dead, but so long as his assets linger on, and the United

Kingdom has control of them, they are going to be dealt with in this way, and they must be dealt with in this way.

Hon. Mr. Reid: With reference to the $300 million of securities which have been repatriated, it would be interesting to know what type they are. Has the honourable senator from Toronto (Hon. Mr. Hayden) any data concerning them? I have in mind some large organizations whose headquarters are in the United States but whose Canadian securities are held in Great Britain. I am thinking also of certain railway securities.

Hon. Mr. Hayden: Well, in the $300 million repatriation are included Canadian Government bonds and securities guaranteed by our government. These types of securities were acquired from United Kingdom residents through the Bank of England. Voluntary repatriations would include any type of security held by residents of the United Kingdom. I understand that over the years a great part of the Canadian Pacific Railway securities have been repatriated in this way. For example, a United Kingdom resident wishes to sell his C.P.R. holdings. He disposes of them for Canadian dollars, which go to the Bank of England. That procedure is obligatory under British law. Having received Canadian dollars and surrendered them to the Bank, the British resident has to make his own deal with the authorities in terms of the currency of Great Britain. But the Canadian dollars are applied in reduction of the funded indebtedness of $700 million.

Hon. Mr. McLean: There are one or two questions I would like to ask the sponsor of the bill. What is the value of Canadian securities still owned in the United Kingdom? Is the Bank of England the sole judge of whether the proceeds of sale of these securities shall be paid to Canada or be given to people who may want to invest them here in this so-called "know-how"? My third question is, have not a great many C.P.R. securities been sold in the United States? It does not appear to me that the number of Canadian shareholders is increasing very much. Finally, if C.P.R. securities are sold in the United States, are the proceeds applied in reduction of this loan?

Hon. Mr. Hayden: I cannot answer all the questions of my honourable friend; if he wants details I shall have to deal with them in committee.

As regards "offset"—the type of transaction in which the Bank of England may advance Canadian funds to a British manufacturer to establish a "brick and mortar" industry, involving industrial construction and the bringing in from the United Kingdom of "know-how" which would be advantageous to Canada—it is conditional upon Canadian authorities being satisfied that the proposed diversion of dollars from their prime purpose, namely the retirement of funded indebtedness, will be to the advantage of Canada. Remember that the repatriation which goes on is what is called voluntary. The Bank of England is obligated to use the Canadian funds it receives in a certain fashion; but so far as Canada is concerned, liquidation is voluntary. A Canadian company may redeem an issue of preferred shares and distribute the money in the usual way to its shareholders. To the extent that United Kingdom residents are entitled to a share of this money, the Bank of England comes into possession of Canadian dollars, and it is under compulsion to apply them in a certain way. The only exception is the one I have mentioned.

Up to the present time that offset has been utilized in the amount of $60 million, and has been invested, as I have indicated, in what may be called brick and mortar industry, meaning the construction of plant and equipment and the bringing in of "know-how" to the advantage of Canada.

Hon. Mr. Euler: Who is to be the judge as to whether that offset is legitimate?

Hon. Mr. Hayden: As I understand it, the judges have been the Department of Finance and those in other departments whom they consult and who are presumed to know the nature of the industry and how essential it is to Canada. As regards certain types of industry, I strongly suspect that the Department of Defence Production have had a good deal to say.

Hon. Mr. Euler: I was wondering whether the judgment would be that of the Bank of England or the Canadian Government.

Hon. Mr. Hayden: Certainly it is not exclusively that of the Bank of England, but the Bank of England may make an offset if that offset is satisfactory to the Canadian Government.

Hon. Mr. Euler: That is the point.

Hon. Mr. Vien: Is it the intention to send this bill to committee?

Hon. Mr. Hayden: As to that, I am in the hands of honourable senators.

Hon. Mr. Vien: I would suggest that it be referred to committee.

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

REFERRED TO COMMITTEE

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

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

The motion was agreed to.

CANADA LANDS SURVEYS BILL

SECOND READING

Hon. F. W. Gershaw moved the second reading of Bill 14, an Act respecting the Surveys of Public Lands of Canada.

He said: Honourable senators, this is a rather simple bill, but it has a very interesting historical background.

Back in 1870, just three years after confederation, the Hudson's Bay Company gave up the charter under which it had operated for two hundred years. This meant that the great unsurveyed area lying between Ontario and British Columbia became part of Canada by an Imperial proclamation. The Dominion Lands Act was passed in 1872, and in 1908 a complementary Act, the Dominion Lands Surveys Act, with which we are dealing today, was passed. Since that time great changes have been made. In 1908 and again in 1919 the Dominion Lands Act was amended. In 1930 the greatest change of all came about, the resources in most of this land being turned over to the provinces. In 1950 the Dominion Lands Act was repealed and replaced by the Territorial Lands Act. All these changes have made it necessary to amend the present Dominion Lands Surveys Act in order to bring it up to date with present-day conditions and modern survey practices.

The bill is divided into four parts. Part I deals with the qualifications, duties and powers of the members of the Dominion Land Surveyors Association. This is a professional body which has done splendid work and made a fine record in Canada. The bill before us would improve their professional standing. It provides that a board of examiners, consisting of the Surveyor General and two other surveyors, be set up to deal with qualifications. It defines what qualifications a candidate or student must have before he can be articled to a surveyor. It outlines the course he must follow and the examinations he must pass before he can take out a commission and become a Dominion Lands Surveyor. Before the surveyor is allowed to practise he must take an oath of office, and his certificate can be cancelled or suspended if he is found guilty of certain offences.

Part I of the bill also deals with the standard of measure. Up to the present time the unit of measure has been a sixty-six foot chain. All other measuring materials have been standardized accordingly. Measuring tapes are all standardized and can be used unless they become rusted, twisted or defective in some way.

Part II of the bill is important. It sets out what lands may be surveyed under this legislation. The public lands in the Northwest Territories, in the Yukon Territory and in the National Parks throughout Canada come under the Department of Resources and Development, of which Mr. Winters is the minister. If surveys are required to be made in any of these lands, the Department of Resources and Development must ask the Department of Mines and Technical Surveys to carry out those surveys. The administration of Indian reserves and certain surrendered lands come under the Department of Citizenship and Immigration, of which Mr. Harris is the present minister. If his department wishes to have any of these lands surveyed it also must apply to the Department of Mines and Technical Surveys.

Those who may survey public lands are as follows: in the Northwest Territories or the Yukon Territory, only members of the Dominion Lands Surveyors Association; in the National Parks or Indian reserves, either a dominion land surveyor or a provincial surveyor may be employed. Where there is any question of ownership and a dispute arises between an owner and the government, then only a provincially-qualified surveyor may act, because he alone may register the surveys in the province.

At page 16 of the bill there is a diagram showing how each township is divided into sections, extending six miles in each direction plus whatever road allowance may be prescribed. Page 16 of the bill also shows the legal subdivisions. These are of special interest at this time because of the oil-drilling activities in the western provinces.

Part III of the bill deals with special surveys or re-surveys in the Northwest Territories or the Yukon Territory. In days gone by all disputes as to the exact location of survey posts or lines were settled by arbitration if possible, but now a re-survey can be requested, and if the parties are still not satisfied the matter will go before a stipendiary magistrate or court for final decision.

Hon. Mr. Haig: Where do you get the Manitoba base?

Hon. Mr. Gershaw: The 49th parallel of north latitude is the base.

Hon. Mr. Haig: On the south side, yes. Where is it on the east?

Hon. Mr. Gershaw: There is a meridian along there—

Hon. Mr. Haig: I can tell you what it is.

Hon. Mr. Gershaw: All right.

Hon. Mr. Haig: When you have finished I shall tell you.

Hon. Mr. Gershaw: Part IV of the bill deals with offences, penalties, and things of that kind, it makes provision for the surveying of any lands of which the government of Canada has the disposal. It will be found that it is an offence to interrupt molest or hinder surveyors in their work. They are protected by the laws of the land. It is also an offence to alter, remove or pull down any of the monuments or posts which surveyors have placed on the land. Along the international boundary there is an iron post every mile. Those posts have sometimes been abused, crow bars and instruments of that nature having been used on them. In recent years these posts have been replaced by hollow cylinders rounded at each end, but it has been discovered that cattle have rubbed up against these posts on the range lands and have broken them down. The Department of National Research has been asked to supply more standard markers for surveying purposes.

Honourable senators, I think I have outlined the substance of the bill and, if it is thought desirable, it can be sent to committee.

Hon. Mr. Reid: There are two questions which I should like to ask the sponsor of the bill. My first question has to do with the changing of name from "Dominion Lands Surveys Act" to "Canada Lands Surveys Act." When the bill becomes law will there be a change in the name of the present Dominion Lands Act? Shall we have to change that too? At the present time there are provincial lands and, to use the old name, dominion lands. I am not raising any objection to the changing of the name, but I should like to know whether this bill will change the name of dominion or federal lands? Secondly, what about the dominion land surveyors? Will they still be so designated under the bill?

Hon. Mr. Gershaw: The Dominion Lands Surveyors Association is a separate organization, and this bill does not touch the name. It is merely a question of organization. So far as the Dominion Lands Act is concerned, it has already been repealed and is called the Territorial Lands Act. The Dominion Land Surveyors Association will continue to be so called.

Hon. Mr. Reid: In my province we have lands which are still known as dominion lands. They came under the Dominion Lands Act, which was replaced last year by the Territorial Lands Act. The name of this legislation is now being changed to "The Canada Lands Surveys Act," and future surveys made on Indian reserves, on dominion lands, will be done under this Act. Naturally the question arises how these lands will be designated in future. Unless the point is cleared up there may be a lot of confusion.

Hon. Mr. Gershaw: The bill does not say anything about this.

Hon. Mr. Hayden: In Part II they are described as "public lands."

Hon. Mr. Reid: But provincial lands are public lands too, and it seems to me that we need to have some term for distinguishing between them and dominion lands. Who is objecting to the word "dominion"? Buildings which are now known as dominion buildings can be called federal buildings without any difficulty, and we see from the telephone directory that government offices are no longer listed under the heading of "Dominion Government" but are under "Government of Canada." I am not objecting to that. My point is simply this, that unless we decide upon some term for describing what have hitherto been known as dominion lands there will be confusion when we want to distinguish between them and provincial lands. Is it intended to use the term "Canada lands"? If so, it will be a long time before that term comes into common use in our province, although we are proud of Canada out there.

Hon. Mr. Roebuck: Will the honourable senator who sponsored the bill (Hon. Mr. Gershaw) elaborate a bit on the qualifications of dominion land surveyors? I see that there are provisions for examinations, fees, articled pupils, the granting of commissions, and so on. Do I understand that this bill sets up a new system for the commissioning of qualified persons as dominion land surveyors? How many dominion land surveyors are there? Is there any method whereby a qualified provincial surveyor may secure a commission as a dominion land surveyor, or does the bill establish an exclusive group known as dominion land surveyors? What I should like to know is whether we are in danger of creating a closed corporation of surveyors.

Hon. Mr. Gershaw: The first part of the bill lays down the procedure that a student must go through before he can become a dominion land surveyor. The number of persons who qualify will, of course, depend upon the amount of work available. The

department has a number of qualified dominion land surveyors on its payroll, and uses them whenever necessary; but when the work becomes too great for them to attend to it engages additional men. The bill does not set up a new organization at all; it simply makes clear just what must be done by pupils who desire to qualify for commissions as dominion land surveyors.

Hon. Mr. Roebuck: Can a pupil become qualified as a dominion land surveyor simply by taking a course for two or three years?

Hon. Mr. Gershaw: He must also be articled for three years to a dominion land surveyor. Some men are qualified both under the dominion Act and under a provincial Act. In each province there is certain work that can be done only by provincially qualified men, and other work is reserved for men with dominion qualifications.

Hon. Mr. Roebuck: Is there any method whereby a provincially qualified man, who is presumed to be familiar with his profession of surveying, can become a dominion land surveyor without going through the course laid down in this bill?

Hon. Mr. Gershaw: I do not find anything on that point in the bill. I assume that, as in every other profession, he would furnish the examining board with a statement of his qualifications, and the board would decide whether or not to grant him a commission.

Hon. Mr. Quinn: From what we have heard so far, I take it that the dominion land surveyors are an independent body. Is there any regulation of or control over the fees that they may charge? If so, by whom?

Hon. Mr. Gershaw: When they are working for the government they are paid as other government employees are.

Hon. Mr. Quinn: Are they a government body?

Hon. Mr. Gershaw: No. Like the members of every other profession, they have a schedule of fees that they can charge.

Hon. Mr. Horner: In other words, their organization sets a price that they may charge?

Hon. Mr. Haig: Like my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck), I am afraid of any new provisions that may create any exclusive group with special privileges. When the Manitoba boundary was extended northward there were one or two men in the northern territory who, though not members of the Manitoba Bar or perhaps of any law society, had been practising law up there; and similarly, there were one or two men who certainly were not members of the College of Physicians and Surgeons of Manitoba, who nevertheless had been practising as doctors. But when the boundary was extended these men were included as members of their respective professional bodies. Now, is there any danger that if this bill passes some surveyor who is now elderly and probably not able to pass the prescribed examination will be deprived of his professional standing?

Hon. Mr. Gershaw: None whatever. Anyone who is already a dominion land surveyor will not have to pass a further examination. The provisions in the first part of the bill apply only to students.

Hon. Mr. Haig: I asked my honourable friend where the Manitoba base was from which the first line of survey was taken. The 49th parallel is not the base. A former senator, who used to sit where my honourable friend from Kootenay East (Hon. Mr. King) now sits, went in there on the first survey party. It is situated about fourteen miles west of the city of Winnipeg.

Hon. Mr. Howden: Sixteen.

Hon. Mr. Haig: The land west of that is called Range 1 west, and east of that is known as Range 1 east. That is where the first line was made. If you drive out from Winnipeg along the very fine Highway No. 1—Portage avenue west—you will, if you dodge the bumps, come to one of those little monuments erected to designate historic sites. It is on land where the first survey was struck, and the land for the site was given by a former senator and by a man who is at present a senator.

Hon. Mr. Aseltine: Who were they?

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

Hon. Mr. Reid: Is the bill going to committee?

REFERRED TO COMMITTEE

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

The motion was agreed to.

BILLS OF EXCHANGE BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill 19, an Act to amend the Bills of Exchange Act.

He said: Honourable senators, this bill is very simple in form. Its real purpose is to make it possible for the banks of Canada, to the extent that they see fit, to keep their

offices open to the public for five days of the week only. In other words, it will enable them to allow their employees, or the greater portion of them, to have all Saturday off. The method being taken to give the banks this permission is by amending the Bills of Exchange Act so as to provide that if a negotiable instrument, whether payable on demand or otherwise, falls due on Saturday, it will be deemed to fall due on the next business day. The effect of the provision is that if a person has a note which falls due on Saturday, and the bank is not open on that day, he does not suffer any damage in law if it is presented on the next business day.

Hon. Mr. Quinn: And is no additional interest charged for the two days?

Hon. Mr. Hayden: That would be a matter to be determined between the parties. I should think.

I should point out that while the amendment is requested by the banks for the purpose of relieving more of their employees on Saturday mornings, subsection 3 of section 1 provides that the banks may cash cheques on a Saturday morning. There are various parts of the country where, on Saturdays, people desire to deposit moneys in and make withdrawals from their accounts, and within limits the banks will provide the facilities for doing so. In this way the bank staffs Saturday morning can be considerably reduced.

My understanding is that the banks intend to go into this Saturday morning shut-down gradually, so as not to interfere with the present practice of accepting deposits and allowing people to make withdrawals on Saturday morning. It was decided that the best approach to the problem was to deal with the due dates of negotiable instruments, and the amendment is suggested for that purpose.

Hon. Mr. Farris: If the bank is open on Saturday morning, must an instrument that is due on that date be presented?

Hon. Mr. Hayden: When the amendment becomes law, a note that falls due on Saturday may be presented on the next business day. If it were presented on Saturday morning the bank could refuse to do anything about it, and under the law the validity of the instrument would not be affected. The note could be presented on the next business day, and all the legal implications provided in the Bills of Exchange Act would apply.

Hon. Mr. Vien: I would like to ask the senator a question with respect to subsection 3 of the bill. It reads in part as follows:

> . . . the non-acceptance or non-payment on a Saturday of a cheque so presented does not entitle the person presenting it to treat the cheque as dishonoured by non-acceptance or non-payment.

There is nothing there as to the obligation of a person to present the instrument on the next business day.

Hon. Mr. Hayden: May I point out to my friend that if he reads paragraph (a) of subsection 2 he will see there the general provision as to all matters relating to bills or notes. The paragraph reads:

> (a) if the time for doing any act or thing expires or falls on a Saturday, that time is deemed to expire or fall, as the case may be, on the next following business day.

Hon. Mr. Vien: I think that covers my question.

Hon. Mr. Hayden: In order to be doubly sure, I suggest that my friend refer to paragraph (c) of subsection 2, which reads:

> (c) failure to do any act or thing on a Saturday does not give rise to any rights.

I understand that some cheques—such as pension cheques—are issued with a limitation of time for presentation stamped on them. If such a cheque expires on a Saturday, the passage of this bill will permit its presentation on the next business day.

Hon. Mr. Reid: There are many workmen who receive their cheques on Saturday and have them cashed by merchants. Has any consideration been given to the effect upon merchants who cash such cheques?

Hon. Mr. Hayden: This bill deals only with the relationship between the person presenting the cheque and the bank. If a merchant cashes a workman's cheque, no problem would arise unless the merchant wanted to rush to the bank to cash it. But any cheque may be presented within a reasonable time. I do not see how the situation my honourable friend mentions would interfere with ordinary business practice. The banks will provide services for accepting deposits and making withdrawals on Saturday morning, but they will be under no obligation in law to do other business. The holder of a cheque suffers no damage, because he can present it on the next business day following the Saturday.

Hon. Mr. Kinley: Will this measure apply to other financial institutions than chartered banks?

Hon. Mr. Hayden: As this amendment is to the Bills of Exchange Act and relates to negotiable instruments, its application is to banks.

Hon. Mr. Aseltine: Did I understand the honourable gentleman to say that, although there is nothing in the Act to that effect, the banks will be open on Saturday morning for the deposit and withdrawal of money?

Hon. Mr. Hayden: What I have said is that authority is given under which that can take place. Further, the banks have said that they will provide such services. Actually, if one makes a study of the Bills of Exchange Act and the Bank Act, he will find no provision to the effect that banks must, for instance, stay open certain hours in the winter time on standard time, or that they must remain open certain hours on daylight saving time. A custom has developed amongst the banks of remaining open on Saturday mornings. The problem behind this measure could have been remedied easily by adding Saturday to the list of holidays in the Bank Act, but the government did not want to take the responsibility for creating any more holidays. It was felt that the better way of doing it was to postpone the due dates of instruments falling due on Saturday.

Hon. Mr. Aseltine: I fail to see how the passage of the measure will make much difference, because in my town the banks open at 10 o'clock Saturday morning and close at 11 o'clock.

Hon. Mr. McDonald: That is universally true today.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, November 28, 1951

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

Prayers and routine proceedings.

CANADA LANDS SURVEYS BILL

REPORT OF COMMITTEE

Hon. Mr. McDonald presented the report of the Standing Committee on Natural Resources on Bill 14, an Act respecting the Surveys of Public Lands of Canada.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Natural Resources, to whom was referred Bill 14, an Act respecting the Surveys of Public Lands in Canada, have in obedience to the order of reference of November 27, 1951, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Robertson: With leave of the Senate, now.

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

FERTILIZERS

RETURN TO ORDER

Hon. Mr. Robertson: Honourable senators, I now lay on the table a return to an Order of the Senate of November 8, regarding the production in Canada and imports into Canada, for the years 1939, 1949 and 1950, of various fertilizers.

WORLD RYE CHAMPIONSHIP

SASKATCHEWAN GROWER'S SUCCESS

Hon. W. M. Aseltine: Honourable senators, with your leave I would like to make a short announcement. You will remember that on the 20th of this month, during the speech I made on the Address, I advised you that Mr. Albert Kessel had won first prize at Toronto Royal Winter Fair for his exhibit of rye. I also informed honourable senators that he intended to show his rye exhibit and some other exhibits at the Chicago International Grain Show. I am now pleased to report that at that show he was awarded first prize for his rye, and is now the rye king of the world.

Some Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: I would like to add that he farms in the Rosetown district of the province of Saskatchewan.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. Robertson: Honourable senators, immediately the Senate rises, the Standing Committee on Transport and Communications will meet to consider Bill 9, an Act respecting the Toronto Harbour Commissioners. In order to accommodate the various witnesses who are to appear before that committee, I would suggest that this afternoon's sitting of the house be not unduly protracted. When the Orders of the Day are called I shall ask that the first Order stand, and on the second Order I shall move the third reading of Bill 19, an Act to amend the Bills of Exchange Act. I have been informed that on the third Order, the adjourned debate on the Speech from the Throne there will be but one speech. Following this the Senate could perhaps adjourn, so that the Committee on Transport and Communications may meet without delay.

BILLS OF EXCHANGE BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill 19, an Act to amend the Bills of Exchange Act.

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

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Thursday, November 22, consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Vien for an address in reply thereto.

Hon. Donald MacLennan: Honourable senators, I think I shall put myself in your good graces by saying that I am not going to use the word "democracy" very often. I believe it was the great Dr. Johnson who once said that patriotism is the last refuge of a scoundrel, and I am afraid that many a scoundrel has taken refuge in the phrase "freedom and democracy".

Although at this late date it seems unnecessary, I wish to congratulate the mover and the seconder of the Address in reply to the Speech from the Throne. After reading their speeches I came to the conclusion that

I must be mentally lazy, because I never could have gathered together so many facts and figures.

I suppose it is a little late to refer to the visit to Canada of Princess Elizabeth and the Duke of Edinburgh, but to me it was amazing that a young woman and a young man could evoke such enthusiasm across a whole continent. The Princess is a direct descendant of the great Queen Victoria, who so raised the moral atmosphere of the English court that a great English poet was incited to say that her court was pure. Her son, Edward the Peacemaker, was a most human monarch, as was his son, George V. I believe that if people in ordinary walks of life were asked to suggest an epitaph for the tombstone of George V they would propose that it read: "He was a good neighbour". It seems to me that no higher honour could be paid to any individual. And lastly we come to our present much respected King, George VI, who is ruling constitutionally; and to his Queen, who in conduct and in appearance seems to combine the virtues and the attributes of the great race to which she belongs.

Hon. Senators: Hear, hear.

Hon. Mr. MacLennan: The Speech from the Throne, while not very long, deals with very important matters. The Old Age Security Bill, which has been fully discussed and explained, is an important measure; and I came to the conclusion that it must be a step in the right direction, because all parties here and in another place agreed to its passage without any amendments. As for myself—because, I suppose, of my incapacity to understand it—I am unable to see why $40 a month should be paid to a millionaire.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. MacLennan: Nor am I able to understand why I am going to have to pay a tax of $60 a year towards the Old Age Security Fund, when my honourable friend to my right here (Hon. Mr. Paterson) will have to pay only $60.

Some Hon. Senators: Oh, oh.

Hon. Mr. MacLennan: I think that that animated interrogation point in the other house, the honourable member for Winnipeg North Centre, objected strongly to that feature of the bill. Possibly he belongs to that class who believe in—to use the vulgar expression—"soaking the rich". I am not one of that class. So far as Canada is concerned, the rich are good, honest men, who had vision; they were pioneers. I only regret that our ancestors, good, honest old people, have passed to the Great Beyond without having received any of the aid that old people will receive from now on; but I am old fashioned enough to think that their reward has been given to them at the Throne of Grace.

In the New York *Times* of August 6 last I read an article in which a professor of history in California said that the history of the United States, in so far as the Morgans, the Vanderbilts, the Hills, the Goulds and other eminent pioneers were concerned, would have to be rewritten, because that history has referred to them as robber barons, whereas they were nothing of the kind. He maintained that the First World War might not have been won by the Allied Powers had it not been for these United States pioneers.

We must not forget that Canada also has had its pioneers. To my mind, there has never been a greater accomplishment than the building of the Canadian Pacific Railway, for when that line was put through there were no bulldozers, no steamshovels or cranes to lift boulders and other obstacles out of the way. One may truly say that the Rocky Mountains were penetrated by pick and shovel. I think we of this generation should be proud of the pioneers who accomplished so much.

Some Hon. Senators: Hear, hear.

Hon. Mr. MacLennan: I am pleased to see legislation proposed to amend the Railway Act, and in this connection I should like to address a few remarks particularly to the western members of this chamber. On many occasions, when reference has been made to the benefits extended to the farmers of the West by way of freight concessions, I have had cast up to me the question: What about the Maritime Freight Rates Act? Honourable senators, are you aware that under that Act the Maritimes received no great advantage? Between the years 1912 and 1923 freight rates in the Maritime provinces went up to 92 per cent, while in the rest of Canada they advanced by only 54 per cent. The Maritime Freight Rates Act, granting a reduction of 20 per cent to the Maritimes, was brought in for the purpose of correcting the disparity. Therefore, it does not lie in the mouths of any people to say that the Maritime Provinces were greatly benefited by that Act, or that they were favoured in any way as distinguished from the rest of Canada.

I am pleased, as I have said, to note that this railway legislation is to come before us. I would certainly dislike to have the measure, as drafted, referred to the tender mercies of the Board of Transport Commissioners. It is apparent to me that in nine out of ten cases applications for increased compensation referred to boards, of whatsoever kind,

throughout Canada, are invariably granted. We have only to look at the rate increases that have recently gone into effect on freight, telegraphs, telephones, milk, and perhaps other necessities. I cannot think that the success of these applications has been due entirely to the merits of the case. I am bound to conclude that the heads of boards and of large industrial enterprises all of whom are able men, or they would not have attained the heights they have—foregather where men do congregate, in clubs and such places, and become acquainted with the result that, when an application for increased compensation by the head of a large industrial enterprise comes before the chief of the board, the chief corrugates his massive brow and says, "I think we will grant the application".

Some Hon. Senators: Oh, oh.

Hon. Mr. MacLennan: I may point out that the bill to amend the Railway Act was intended not to benefit the railway operators, but to give some advantage to the consumers or to the people who use the railway facilities. But what do we find has happened? No sooner is the bill brought down than the railways bring up their legal howitzers and array them against the measure. Of course, no one has anything to say on behalf of the patrons, for whose benefit the measure was introduced.

I turn next to the measure having to do with resale price maintenance, which has not yet been considered by this house. That measure also was not proposed for the benefit of the manufacturer, the wholesaler or the retailer, but of the consumer. Now we find the manufacturers and other business interests have their champions appearing on their behalf. We have even had the "twins from Toronto" (Hon. Mr. Hayden and Hon. Mr. Campbell) speaking in this house on that very measure. Of course they were against it, and they gave their reasons for their stand. Although they are a pretty able pair, after reading their speeches one can punch a few holes in them. One of the "twins" said this measure was getting too much publicity in the press, and that there was really nothing to what it proposed. Well, if it is such an insignificant measure, why are the manufacturers and wholesalers against it? Why do they send us briefs? And let me tell you that these briefs were not gotten up for a piece of bread: no doubt about that.

One of the "twins" in the course of his remarks on this bill goes on to say:

> But usually articles subject to resale price maintenance provisions are branded articles, or carry a trade name, or are patented products.

He continues:

> Let me ask: Even though in a given situation there were only one product available, and the public had to have it, how long would it be before imitators entered the field and produced a similar article at a lower price?

I think that if anybody began to imitate an article on which someone else held a patent he would soon find himself in difficulties with the holder of the patent. Really the argument answers itself. He says there would be an imitator who would produce a similar article which, not being subject to an agreed resale price, could be sold at a lower rate. That is what we want.

Hon. Mr. Duff: Surely.

Hon. Mr. MacLennan: The honourable gentleman stated that the courts of Great Britain and the United States have ruled that a manufacturer may legally fix the price at which his product shall be resold. That practice is legal in Canada, now. But if this measure passes it will not continue to be legal. So there is no point to the statement that the courts haye pronounced in favour of resale price maintenance. My honourable friend number one from Toronto said that a person is not compelled to buy from a retailer who has a fixed price; he can get a similar article from another company. For instance, his argument ran, if the General Electric has a fixed price for an article I want to buy, I am not compelled to purchase it there; I can go to Westinghouse. But when I go there I may find that they also have a price maintenance system. I then go to a third company who manufacture a similar article, only to find that they too have a maintenance resale price. What am I to do? Either I shall have to buy from one of these companies, or go without the article.

If I do not choose to buy from a retailer who has a maintenance resale price, I must not, it seems—for example—buy from Macy's, who advertise an article called a "loss leader". This device of loss leaders is, according to my honourable friend, a horrible thing. People who go in to buy the advertised article are induced to buy other things for which they pay an enhanced price. But I am not compelled to buy from Macy's, either.

Then my honourable friend from Toronto gave utterance to a phrase that raised the hair of my head: he spoke of "that multiple economic personality". It reminded me of a doctor down in Nova Scotia who was attending a patient. The next-door neighbour was very curious to find out what was wrong with her neighbour, so she met the doctor and urged him to tell her. At last the doctor said, "Dear madam, she has inflammation of

a sebaceous follicle of the pericranium." It sounded very formidable, but all it meant was a simple inflammation of the root of one hair. So my honourable friend's multiple economic personality is really innocuous; certainly it is by no means as formidable as one might suppose it to be.

We heard a very good address from the honourable senator from Black River, Southern New Brunswick (Hon. Mr. McLean). I think there is very little that can be added to what he said about inflation.

An article which appeared in the *Reader's Digest* for October is very well worth reading. It points out that, as of December 1939, the people of the United States had $6·4 billions of "pocketbook money"; in 1951, 24·6 billions; in 1939, $29·8 billions, in 1951, $89·4 billions. The total money supply as of the earlier period was $36·2 billions; in April this year it was $114 billions. The writer remarks that the production of goods and services has not kept up with the enormous increase of money.

He continues:

> In these ten years, U.S. industrial production of goods, measured by actual tons, bushels, barrels—not by price tags in dollars—increased only 99 per cent.

Against this increase, the amount of money possessed by the people had risen by 169 per cent.

I am thinking that after all the Canadian Minister of Finance was right when he made the statement that there were too many dollars floating around for the amount of goods to be purchased. Some people said that he had made an unfortunate mistake, that there were some parts of the country that would need a little more money than they had. But I think he was right according to this article and every article I have had the pleasure of reading in connection with inflation.

The writer of this article speaks about controls. I myself was in favour of controls, and I thought they were taken off too soon. I heard an honourable gentleman from the other side of the house, the late Senator Ballantyne, make a speech in which he advocated the removal of controls. I spoke to him in the hallway later, and I said: "Do you really believe that removing controls would be wise?" He replied, "Oh, yes, it would be". He said: "The manufacturers could produce more goods, and more goods would be floating around". That argument sounded good, but it did not work out. What I thought would happen did happen. As soon as controls were removed everybody tried to reach as far as their arms would stretch for all the dollars they could get.

This writer in the *Readers Digest* says:

> To think that price controls stop inflation is to believe that you can cool a room or cure a fever by putting ice next to the thermometer. There is no case in history where price and wage controls have stopped inflation for any length of time.

I am becoming a little reconciled now to the removal of price controls. My honourable friend—and I use the word "friend" advisedly—the leader of the opposition (Hon. Mr. Haig), said the following when taking part in this debate:

> Let us take the construction of a causeway to bridge the straits of Canso for rail and road traffic. I do not think the province of Manitoba is particularly interested in whether or not those straits are bridged; but I feel that in a country as large as ours one section cannot say, because a certain development will not help it, that it should not be carried out."

This was very well said, but let me tell honourable senators that there is a vast difference between a project such as the St. Lawrence Seaway Plan, which is certainly calculated to injure the economy of a great portion of this country, and a project such as the construction of a causeway to bridge the straits of Canso, which benefits a certain region of the country and injures no other part. In my opinion that is a perfect answer to the remarks of my honourable friend on that point.

The honourable senator from Kennebec (Hon. Mr. Vaillancourt) once said in this chamber that the brain is a wonderful mechanism, that it works from the time you are born until the time you die, except when you get up to make a speech.

Some Hon. Senators: Oh, oh.

Hon. Mr. MacLennan: It is amazing how a person may have a speech prepared in his mind and what a mess he will make of it when he is on his feet. I remember hearing a story one time about Lincoln, who on coming home from a political meeting told his wife that he had made the best speech in his life. "Well," she said, "that's nice. How did the people like it?" He replied, "They didn't hear a word of it. I made it in the carriage on the way home".

Some Hon. Senators: Oh, oh.

Hon. Mr. MacLennan: I should like to call the attention of honourable senators to another point, and I have some fatherly advice to give to the government about it. During the forties speakers all over this country used to talk about unity. I got sick and tired of hearing the word unity, and I always felt that the subject of conscription was being alluded to whenever the word unity was used. Recently I have come to the conclusion that people ought to preach unity all the time, because there is another

potential question which to my mind could create grave disunity in this country. Honourable senators may have observed in the press lately that certain church organizations have been passing resolutions in anticipation of a certain event coming to pass. I say that even should this event occur it would neither add nor subtract one iota to or from the status of any church. I say to the government that it should not make the appointment, because the disunity it would cause would be more harmful to the state than any advantage that would result. There is one conclusion we can come to, and that is that if we do not appoint an ambassador to a certain state we are in this respect at least equal to Moscow.

Hon. Mr. Quinn: Hear, hear.

Hon. Mr. MacLennan: Let me quote from what was said right here on Parliament Hill by that great Irish statesman, D'Arcy MacGee, more than eighty years ago, while the Fenian raids were going on. I believe it was on the very night on which he afterwards was assassinated that, speaking on unity in Canada, he uttered these words:

> Many of the young men here today will live to see the proof of my words, that all other politics that have been preached in British America will grow old and lose their lustre, but the conciliation of class and class—the policy of linking together all our peoples, the policy of linking order to order, of smoothing down the sharp and wounding edges of hostile prejudices—this policy will never grow old, never will lose its lustre.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. MacLennan: Now, honourable senators, notwithstanding the luxuries that we in Canada enjoy, it seems that we are prone to grumble if things are not just to our taste. Yet, we are living in the best country in the world today. There is no doubt at all in my mind about that. And this position has been achieved despite the heavy drain on our national resources during the biggest war in world history. Canada came out of that war stronger and with more prestige than when she went in. I do not wish to imply that this was due to the policy of any particular political party—to Liberal policy, for instance, as distinguished from Conservative policy—but we do know that it was due to the policy of able and honest men.

Let me now conclude by saying that we ought to thank our Lord for the privilege of living in this country, and at the same time let us continue to "pass the ammunition."

Hon. Senators: Hear, hear.

Hon. Mr. Paterson: Honourable members, I move the adjournment of the debate.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, November 29, 1951

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

Prayers and routine proceedings.

CANADA-UNITED KINGDOM FINANCIAL AGREEMENT BILL

REPORT OF COMMITTEE

Hon. Mr. Kinley presented the report of the Standing Committee on Banking and Commerce on Bill 10, an Act to approve the Financial Agreement between Canada and the United Kingdom, signed on the twenty-ninth day of June, 1951.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill 10, an Act to approve the Financial Agreement between Canada and the United Kingdom, signed on the twenty-ninth day of June, 1951, have in obedience to the order of reference of November 27, 1951, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

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

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

OLD AGE SECURITY BILL

MOTION FOR THIRD READING—DEBATE ADJOURNED

Hon. Mr. Robertson moved the third reading of Bill 13, an Act to provide for Old Age Security.

The Hon. the Speaker: Honourable senators the question is on the motion of the Honourable Senator Robertson—

Hon. Mr. Haig: Before the motion is put, I want to ask the leader of the government a question. The bill provides that a person must be a resident of Canada for twenty years. Are we sure that the Interpretation Act provides that the people of Newfoundland can qualify under this old age security measure?

Hon. Thomas Reid: Honourable senators, it was not my—

Hon. Mr. Haig: Before the honourable senator from New Westminster (Hon. Mr. Reid) proceeds, I should like an answer to my question.

Hon. Mr. Robertson: I would assume that the residents of Newfoundland can qualify; but as a layman I am not really in a position to answer. This may be a pertinent question, and I am quite willing to delay the third reading of the bill until I can answer my honourable friend opposite.

Hon. Mr. Haig: Perhaps my honourable friend from New Westminster (Hon. Mr. Reid) could proceed, and when he has finished I could move the adjournment of the debate, not with the intention of speaking to the bill, but for the purpose of giving the honourable leader of the government (Hon. Mr. Robertson) an opportunity to furnish the information I want.

Hon. Mr. Reid: Honourable senators, it was not my intention to address the house on the third reading of this bill, but after listening to certain remarks made by the honourable leader of the government, which I thought were a little severe, I felt I must do so.

The honourable leader said that I had rather taken him to task for his having echoed a remark made in the other house by the Minister of National Health and Welfare. I want the honourable leader to accept my word that I had no intention of taking anyone to task. I did comment on the statement he made, and I stand by it, for he did repeat a remark of the honourable Minister of National Health and Welfare—for whom I have great regard—when he pointed out in his speech that this legislation was part of the answer to communism. May I point out to the honourable leader that he rather corrected himself when he reminded us that in 1945 the dominion government proposed this type of legislation to the various provinces; and honourable senators must remember that this was before we thought of the menace of communism emanating from the Soviet Union. This showed that the dominion government felt in 1945 that this great country of ours should keep on the onward path of social welfare legislation by increasing the amount of old age pensions. The thought I had in mind when I said I did not like the statement in question was that many Canadians would say the government was being prodded on by fear of Soviet Russia, and I would not like that idea to go out to any great portion of our people. I want to see this measure placed before the people of Canada in line with events of today, and in line with the national income and the resourcefulness of the people of this

country, and as an indication of the desire that exists in this country to help those unfortunates who are unable to help themselves.

On the point of whether or not this measure will be an answer to communism, I know there are people who will differ with me in what I am going to say. I believe that it will not be a complete answer to communism, and I am going to try to show why I hold that view. There is no better country on earth than Canada, there is no other country that has done as much for its people or that offers them greater opportunities for getting ahead and living a good and free life. But does that prevent many here from being favourably inclined towards communism and the Soviet Union? I am unable to give the house exact figures of the number of Canadians who are favourable to the Soviet Union, for it is difficult indeed to get those figures, but I do know that when a meeting is addressed by any member of the group sympathetic with Russia, the hall is usually packed, and that is true all the way from Montreal to British Columbia. I know certain professors who, with all that life in Canada or the good Lord could give them and who hold good positions in our colleges and universities, do not mind admitting, if you get talking to them quietly, that they admire the Soviets and think they have a splendid system. I am perturbed at that, because to me it is unthinkable that anyone in this country, with its freedom and all the other advantages it offers, would take that point of view. Yet, there it is, and there is no use our denying it. So I deprecate the position taken by some people that this old age security measure will be an answer to Sovietism or communism so-called.

As we know, honourable senators, human nature is a strange thing. People do not always act in the way that we think they should, and especially people to whom we have handed out or given something. I do not know of any nation other than Russia, that at the present time is more disliked than the United States. Yet will anyone say that the people of that great country have not been very generous in giving of their wealth and substance to aid almost every other country? That of course cannot be denied, but it is a well-known characteristic of human nature that many people do not like to be given what might be called charity. I for one, do not believe that the people of Colombo, India and other countries will envy Canada, which has given them wheat and other goods, and think that Canada must be a wonderful land, or that they will adopt our way of life.

If our social legislation is regarded as something that will stem the flow of communism, and, as some believe, people abroad consider that the citizens of Canada have great oportunities and are being well taken care of, why is it that immigrants, especially from Great Britain, are largely at present passing up this country? I know the statement has been made that it is because of the lack of dollars in Britain, or the restrictions imposed by the British government on sterling, that we are not attracting more British citizens. I hold in my hand the latest figures on immigration, and they are startling to me because they show that we are not attracting from Britain in any great numbers the labour, the skilled labour, which we need. According to recent figures, of a total of 130,238 emigrants from Great Britain during the past year, only 13,434 came to Canada. Before those figures came to my attention I thought that perhaps lack of ships, or money regulations in Great Britain, interfered with emigration to Canada. But I have now learned that of the total number of British emigrants, to which I have just referred, 47,019 went to Australia and 7,472 to New Zealand. In other words, while 112,934 went to the commonwealth countries, as I have said, Canada's share was only 13,434. I went a step further in my research and I learned that Canada lost 6,970 persons to the United States. Taking into account the 13,000 odd that came from Great Britain, Canada's net gain was 6,464 persons.

Hon. Mr. Euler: Does my friend mean that of the total of 13,000 immigrants who came to Canada 6,000 odd went to the United States, or that Canada lost that many Canadians to the United States?

Hon. Mr. Reid: It would be difficult to say where that group of 6,970 originally came from, but that number of persons left Canada for the United States.

Hon. Mr. Euler: But they were not necessarily members of the group of 13,000 who came from Great Britain.

Hon. Mr. Reid: No, not necessarily part of the 13,000. I am merely pointing out that Canada's share of the emigration from Great Britain to commonwealth countries should give us cause for thought.

Hon. Mr. Barbour: Can the honourable senator give us the number of immigrants who came to Canada from the United States during the same period?

Hon. Mr. Reid: I have not that information before me, but I shall get it and give it to

my friend. It would be interesting to know how many citizens of the United States came here, and what the true net picture is.

I have placed these figures before the Senate in an endeavour to show that, although we think we are doing many things—particularly in social welfare—which should attract immigrants to this country, the results are not very encouraging.

When one looks behind the scenes in Canada, one finds that in spite of all the splendid conditions and advantages of freedom there are still people here, and in numbers who favour Soviet Russia. I repeat, I cannot understand why anyone who enjoys all the freedom that this country offers should support a political regime such as Russia has today. It is not so long since personnel of the National Film Board were subjected to criticism and men in the services and in various departments of government were accused of favouring Soviet Russia, and the latest investigations show that some of these men have been under suspicion for a considerable time.

The government leader rather took issue with my statement that thrift is outmoded. Well, I am not apologizing for that statement, nor am I going to withdraw it. My opinion can be taken, of course, as my own, but the figures on annuities quoted by the leader and placed on *Hansard* have not in any way changed my belief that the old concept of thrift is out of date. The statistics presented by the leader do not reveal or give the entire picture. Back in 1908, when the federal annuity system was introduced, nobody thought in terms of old age pensions to be provided by the government. Such an idea in those days would have been regarded as rank heresy. I should like to remind honourable senators that the first province to take advantage of the Old Age Pension Act was British Columbia. Let me recall, for the information of the honourable leader, a conversation in which I took part in the year 1943—and he will have to take my word for its accuracy. I remember, at an advisory meeting of the National Liberal party in the Chateau Laurier, that we were surrounded by three premiers of the Maritime Provinces, namely Premiers MacMillan, MacNair and Jones, and our group from British Columbia was reproached by them for our stand on this matter. They said: "Why are you fellows advocating the giving of more money to needy people? Do you want to make the wealthy less rich?" It took a tremendous amount of argument on the part of our delegation to pacify those three gentlemen. Since then they have come along, and I am glad to know that now they are in step with us. But some provinces and some persons have to take the lead; and I am now predicting that ultimately, as far as universal pensions are concerned, we shall do away with the means test for applicants between the ages of sixty-five and seventy. I hope the change will not be delayed too long, and that when it comes the pension will be on a contributory basis, so that each and every one will pay his share and retain some of his independence.

Before turning to another phase of this subject, let me point out to honourable senators, and for the special benefit of our leader, that 50 per cent of all government annuities today are associated with companies who have placed their employees under group pension plans. Looking back over the reports one may see the rapid increase of annuities due to this since statutory provision was made for them in 1908. At that time it did not cost much to live, and the wages of many a man were no more than twenty cents an hour. The purpose of the Act was to encourage the small earner to lay something by for his old age.

Latterly the number of contracts has very greatly increased. From 1908 to 1933 only about 16,000 were taken out. In the five years next following the number increased to 26,000; five years later, to 47,000. At this point a great advance was made: in five years the numbers had jumped to 145,000. But let me repeat that the cause is not to be found so much in individual purchases as in the activities of companies who approached their men and placed before them group pension plans. In 1949 the number of annuities purchased was 36,000; in 1950, 21,000; in 1951, 22,000. A short time ago I put questions on the Order Paper with regard to annuities; I asked for information covering particular months. I had an object in doing so. The return confirmed the thought I had had in my mind, namely that as soon as the government's decision to enact a universal pension for all over seventy was announced, the number of applications for annuities would drop. It is all very well for the leader of the opposition to talk about what a man of sixty-five has to pay for an annuity.

Hon. Mr. Haig: I did not speak at all.

Hon. Mr. Reid: I meant the leader of the government (Hon. Mr. Robertson). But if anyone had the amount of money which the leader of the government tells us is required for this purpose, he perhaps would not buy an annuity at all. At any rate, I am sure that most men would hesitate to pay out $30,000 in cash at the age of sixty-five to provide an additional annuity for himself and his wife at seventy. There was a time when people with some means were investing in annuities, but to me it is significant that in every office, as soon as it was announced that a universal

old age pension system would be instituted on December 1, the number of applications dropped. The announcement was made in June last; and comparing the months of July, August and September 1951 with the equivalent period of last year, applications have fallen from 1,118 to 883. What I wish to emphasize is that statistics as to the purchase of annuities are today no evidence of voluntary thrift, because to the extent of at least 50 per cent the annuities purchased are the outcome of schemes organized and promoted by companies for their employees.

The honourable government leader also mentioned the number of income tax payers. I should like to present a few more figures which I obtained the other day, as to the number of persons in this country who are earning less than $1,500 per annum, and the number whose earnings are below $1,000 a year. Most of these people are in their full strength, and must be giving some thought to what will become of them in their old age. Last year there were 1,933,700 persons earning less than $1,500, and 1,110,150 with incomes of less than $1,000. Will any honourable senator venture to tell us that a person who is earning only $990 or less, or even one whose earnings are $1,490 or less, can make any provision for his old age? I do not think he can; and so I make no apology for having risen the other day to speak on behalf of the very needy, because nearly two million of our fellow citizens will need help when they reach the age of sixty-five.

I would have liked to see us copy from the British system a provision affecting retirement at sixty-five. The British government has provided that if a person continues to work until he is seventy his pension then will be greater than if he had retired at sixty-five. It was realized, no doubt, that if everyone retired at sixty-five the state would soon be burdened with the maintenance of great masses of ageing people who for the most part would have no employment at all. I should not like to see the waste of good labour that would result from millions of our people being retired at the age of sixty-five, with nothing to do. I am one of those who have stated publicly, privately and boldly at meetings that the unions themselves have led the working people of this country up a wrong channel by advocating retirement at sixty-five, and there are very few who ever make provision for another source of endeavour or even for participation in a hobby when they retire. Generally speaking—and the doctors can correct me if I am wrong—the death sentence is pronounced on people when they retire at the age of sixty-five and have nothing to do. The insurance companies claim that three and a half years is about the average length of life left for those who retire with no purpose in mind or nothing to do.

Hon. Mr. Duff: Quite right.

Hon. Mr. Reid: This honourable body itself presents one of the finest illustrations of what security and an interest in life can do to produce greater longevity. The Senate presents an opportunity for each and every one of us to take an active part in the welfare and affairs of our people. But things are different for those in the very ordinary walks of life when they are suddenly retired at the age of sixty-five with nothing to do. When men and women are retired at the age of sixty-five much valuable experience is thrown in the discard. It is for this reason that I have long advocated, and will continue to advocate that the British system has some merit. It encourages men and women, if able, to carry on past the age of sixty-five, and as a result of a longer work period their pensions become greater and they feel happier.

Honourable senators, I shall not delay you much longer. I just wanted to explain what I had in mind when I said I would rather not have heard the statement that this legislation was being introduced to try to offset communism. I am all in favour of universal pensions, on a contributory basis, of course, and I am in favour of the bill now before us. Canada is a rich country. There are poorer countries with greater social welfare plans than we have, but that is their business.

The honourable leader of the government (Hon. Mr. Robertson) made no mention of the $600 million surplus or of the fact that the dollar is worth only 40 cents. I know plenty of people who are finding it extremely difficult to make ends meet. Let us take as a base the year 1928, when the old age pension legislation was first put on the statute books, and when it was suggested that the pension be $20 a month. If you take $1 as the average hourly wage paid in Canada to our workers in 1928, you will find that in 1941 the average wage was $1.16, by 1950 to $2.21, and by 1951, to $2.31. These rates apply clear across Canada to those employed as artisans and labourers.

I think I know one of the questions troubling the government. They foresee an age increase among our people in the years to come, and they are perhaps thinking of the national income. They are wondering whether it will always remain as high as it is now. Once you set a sum like $40 for pensions and provide for family allowances and pensions for war veterans, there is no going back; and all these moneys must be secured by taxation. I would point out, however, that there are many places where the government could

cut down in its spending, and I hope I shall have an opportunity to say something about this before the end of this session of parliament. I realize that what we are doing for our aged, our children and our veterans is something of which each and every one of us can feel justly proud; but in my opinion the government is on a spending spree the like of which has never been known.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. Reid: Some of us are becoming alarmed at the way some government departments are spending money. Legislation is to come before us which, if passed, would authorize the spending of an additional $6 millions by the C.B.C. I shall wait until that bill comes before us, however, before I make my remarks about the Canadian Broadcasting Corporation. I merely rose this afternoon to assure the leader of the government (Hon. Mr. Robertson) that in what I said on the second reading of this bill I had no intention of taking anybody to task. My thought was that the government should come boldly forward and declare that in Canada, one of the richest countries in the world, we would take care of our needy citizens by distributing part at least of our wealth rather than that this legislation was being introduced because of any fear of Soviet communism.

Some Hon. Senators: Hear, hear.

Hon. J. J. Kinley: Honourable senators, I was rather interested in the thought expressed by my honourable friend from New Westminster (Hon. Mr. Reid) that the old virtue of saving was outmoded in this country. It is my opinion that this is not the case. Statistics show that Canada's industries are producing more than ever before, and that Canadians are saving more than they ever did. Our people have responded beyond all expectations to the call for the universal purchase of Victory bonds; savings in the commercial and savings banks are increasing; many Canadian industries have a savings or pension plan to provide old age security for their workers, and life insurance —a splendid way to save—is piling up. In the light of all these facts it can hardly be said that Canadians have forgotten the virtue of saving. Judging by achievement and results, I am not so sure that the people of Canada are not working harder than they ever did before. It may be that as we grow older we get away a little from what is really going on, but as I travel through the country it is my privilege at times to visit highly organized industrial plants; and when one sees the modern machinery and equipment in the production lines of these plants turning out goods at a phenomenal rate it is not difficult for one to appreciate that Canada's production is greater than ever before. In the last few years some men employed in the industrial concern in which I am interested have not only worked eight hours a day in the factory but afterwards have worked far into the night building homes for themselves. In that way they have acquired properties of a value beyond what they otherwise could have afforded. And I think the same kind of thing has been going on all over the country.

Hon. Mr. Quinn: May I ask the honourable gentleman a question on the subject of production? What about the production of wool, of butter and of milk in this country? I suggest that it is less than it was when the population was only half of what it is today.

Hon. Mr. Kinley:. I do not agree with that. While production for consumption is perhaps below what we need today, largely because of our high purchasing power, I believe figures will show that it is not less than it was years ago. What has happened, it seems to me, is that men, by taking advantage of modern machinery and other scientific developments, have been able to produce more while working fewer hours. The day of main strength and stupidity has gone, and labour today is more skilled and intelligent.

I am amazed, as I think many of us are, when I look around and see what is going on in our ordinary every day life. Airplanes, for example, are travelling at 500 miles an hour. I can board a plane early in the day in Canada and have dinner the same night in Europe. This kind of thing has not come about by accident. The employment of men and women in the air forces of all modern countries is hazardous. It used to be considered quite a thing for a man to parachute from a plane, but today women in the nursing services are doing it.

Our fishermen and farmers are producing more. The intelligent use of machinery has brought about a big advance. It is a good thing for us to give a little thought to these matters when we are inclined to feel that people do not work so hard today as our forefathers did.

And sometimes it is good for us to examine ourselves. I recall that in the course of a lawsuit in Nova Scotia counsel was having trouble with a witness, and finally the situation became so difficult that the judge said to the lawyer, "Do you insinuate that the witness is drunk?" The lawyer replied: "No, my Lord. He might retaliate."

Hon. Mr. Reid: Honourable senators, I rise to a point of order. The honourable gentleman is saying or implying that I said our people are not working as hard today as

they used to. I said no such thing, and I do not want my remarks to be construed in that way. The record of what I said stands.

The Hon. the Speaker: On the point of order that has been raised by the honourable gentleman from New Westminster (Hon. Mr. Reid), I presume that in making his statement he has satisfied his purpose.

Hon. Mr. Kinley: I am sorry that I cannot hear His Honour the Speaker. All that I wished to say as to my honourable friend from New Westminster (Hon. Mr. Reid) was, that I do not agree with his view that the cardinal virtue of saving is outmoded. And I was going on to point out that the old-fashioned virtue of work has not been destroyed, that our people are still accomplishing great things.

Those of us who have had experience realize that a great deal depends on good leadership and intelligent effort. For instance, in a plant, production will be much more efficient if you have intelligent foremen who lay out the work properly and capably superintends the men under them. Similarly, in a school, if you have a good teacher who keeps the pupils working and incites them to do their best, the general work of the scholars will be high. Anyone who teaches the young people of this country how to work most effectively is performing a really great service. And a man whose boss instils into him the habit of hard work is lucky. I discovered that in my own younger days, and since then I have observed that employees who have been trained by good teachers and bosses have learned lessons that stand them well.

We hear a lot of talk today about the five-day week. Many people are in favour of it, and some are opposed. To my mind, the five-day week is another sign that people are working more effectively; able to do more in less time than formerly. If the great banking institutions of this country can carry on their enormous business in a five-day week, is that not a splendid thing? And if the bank employees are able to accomplish in five days what it used to take them six days to do, is that not evidence that they are working harder, or at least more effectively?

Hon. Mr. Duff: What does the Bible say?

Hon. Mr. Kinley: "Six days shalt thou labour, and do all thy work."

Hon. Mr. Duff: Yes, that is it.

Hon. Mr. Kinley: It does not say though, that you must work for wages six days a week. A man can work at other things besides earning a living. For instance, he can interest himself in the cultivation of those things that are artistic and beautiful, and in this way help to adorn life.

And what about our women? The average housewife's duties are never done. Her husband may get a five-day week, but she has to keep going every day. It might be a good thing if, for at least one day a week, a husband went home and did some housework, so that his wife coud have a little free time in which to relax.

The point that has occurred to me is that after all the improved methods of production that have been developed in Canada and other countries, it should be possible now to carry on business in a five-day week.

Hon. Mr. Duff: Why not make it four days?

Hon. Mr. Kinley: Well, some people still think everybody should work six days.

Hon. Mr. Duff: The Bible says we should work six days.

Hon. Mr. Quinn: Why not quit work altogether?

Hon. Mr. Kinley: Some people, as we know, are obliged by their occupations to work every day of the week, but it seems to me that it would be well for the country if everyone could have at least one day out of every seven free for recreation and other purposes; and it would be an especially good thing if more people were free to observe the sabbath properly.

My main purpose in rising was to express the belief that people in general still possess the virtues of knowing how to work and save, and that so long as this remains true, and merit is rewarded by advancement, we shall have a healthy economy in this country. We could not have that under socialization, for that is an enervating system which represses incentive and stifles ambition.

I was much interested in the opinion expressed by at least one senator that millionaires should not be paid the pension of $40 a month. There are two reasons why, it seems to me, it is a good thing that the pension is payable to everyone over 70. In the first place, it is payable as a matter of right, not as charity, and therefore it should go to all. Furthermore, I believe that the organization and administration of the scheme will be greatly simplified by the fact that all people over 70 are beneficiaries. As we know, a person's economic status might change quickly. That kind of thing does happen, in this country and elsewhere; a man who earns a lot this year may not do so well next year, and *vice versa.*

Another senator said that the rich man will not get much out of the pension, in any event. With that I agree. If he is in the so-called 50 per cent class, half of his income goes to pay his tax; and he must also pay up to $60 under the 2 per cent feature. His contribution under the sales tax, if he is a high salaried man, would be high, for he would spend a large amount on consumable goods. Such a person gets nothing out of the pension. The argument that the pension is for the rich demonstrates, to my way of thinking, a lack of appreciation of conditions and how our institutions are maintained. The payment of the pensions to everyone at a certain age removes any element of charity or privilege. Certainly it will go to those who need it most.

I do not like to appear to lecture on this subject, but I think we should from time to time look closely at ourselves and what we are doing. The honourable senator from New Westminster (Hon. Mr. Reid) dealt with saving, not with work; but in the old axiom "Work and save", the two are closely related. It is a well-known fact that in spite of their shorter hours and higher wages the people of this country are today working as they never worked before.

Hon. Mr. Aseltine: God bless them.

Hon. Mr. Kinley: It is a perfectly legitimate ambition for a man to want to improve his position and try to have as much leisure as is good for himself, his family and the community.

Some Hon. Senators: Hear, hear.

Hon. R. B. Horner: Honourable senators, I did not intend to say anything in this debate, but I just cannot let the remarks of the senator from Lunenburg (Hon. Mr. Kinley) go unchallenged.

As a family man, I have been concerned with teaching my children how to work, and I certainly agree with the senator from New Westminster (Hon. Mr. Reid) that we have lost a good deal of the incentive for thrift. If the argument of the senator from Lunenburg is sound, that we are doing more work on an eight-hour-day and a five-day-week basis, then why not reduce the working day to five hours and the week to four days? He pointed to the advancement made by machines, and drew particular attention to the modern method of travel by air. I would like to remind him that the pioneers had a much harder struggle walking through the woods than the people of this day have in flying over them.

There is a further complication in this matter of shorter working hours. If my friend from Lunenburg could develop a cow that could be milked, fed and watered on a five-day-week basis, then he might have something. Certainly there is no incentive today for our young people to be thrifty, endure hardship and remain on the farm to work seven days a week. We frequently read of fatal accidents on our highways being caused by young people who have not the sense to drive carefully. They would be much wiser if they saved the money they now spend on cars and used it for their own security in old age. If the many unhappy situations in which young people find themselves today are evidence of advancement in this country, then I say we are in for a sorry time.

If one goes to any pleasure resort today, a dog race or a horse race, he finds large crowds of people. I do not begrudge them their pleasure, but there is another side of the picture. Today we are raising fewer sheep in this country than were raised when Canada's population was only 7 million. What is the result? We are obliged to import wool to manufacture our own clothing. At least we can say for our grandmother that she raised the sheep, spun the wool and made the clothing her family required. Further, we are told that Canada is today producing about half the quantity of milk she produced when her population was half of what it is now. Many parts of the world, we are told, are today short of fats, and we have been warned that our share must be small; yet we import 100 million pounds of margarine, a mixture which contains only a small amount of milk for flavouring. In spite of all evidence to the contrary, my friend has the audacity to say that today, in a five-day week and an eight-hour day, the young people in this country are working harder than they ever worked before. I am absolutely incapable of understanding his theory in that respect.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: I move that the debate be adjourned.

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

SPEECH FROM THE THRONE

ADDRESS IN REPLY ADOPTED

The Senate resumed from yesterday consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Vien for an Address in reply thereto.

Hon. Norman McL. Paterson: Honourable senators, I wish to associate myself with those speakers who have expressed congratulations to the mover (Hon. Mr. Vien) and the

seconder (Hon. Mr. Wood) of the Address in Reply to the Speech from the Throne. I wish particularly to express my feelings of pleasure at the recovery of His Majesty, and the successful and happy trip of Her Royal Highness Princess Elizabeth and her consort. I had no idea that the visit of the princess would be of so much interest to the people of Canada, or to the people of the United States. I received a letter from a doctor in Baltimore, with whom I was corresponding on medical matters, to which was added this post-script: "I hope you are enjoying the visit of the princess". I did not know the doctor was aware that the princess was visiting Canada. I should like to put on the record a little sentiment expressed in a country newspaper, as to the value of the Royal Family to Canada. This is the article:

> The contribution of the Throne of Great Britain as a living symbol of the best in the traditions and life of the peoples of the Commonwealth is incalculable.
>
> United States visitors, who do not understand that the Royal Family of Great Britain is also the Royal Family of Canada, often question Canadians regarding the cost to Canada of the Throne of Great Britain.
>
> They cannot understand that the priceless contribution of the King of Canada to the maintenance of the standards of parliamentary and public life of the countries of the commonwealth is borne by the people of Great Britain; that the only cost in money to us is that of the office of Governor-General of Canada. The money cost of the monarchy is insignificant in relation to the constructive contribution of the institution to the standards of law and justice.

I think that is a very apt tribute.

I should like to take the liberty at this time of following up the very able address by the senator from the garden of Canada, Rosetown (Hon. Mr. Aseltine). I feel that it would be of interest to members of this Upper Chamber if I went into a few details regarding the grain problem.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Paterson: From the grain handlers' viewpoint, each crop is different. Weather conditions affecting moisture, smut, rust, sawfly, grasshoppers, etc., as well as the time of planting and harvesting and the condition of weather in harvesting, all have their effect.

As the owner of a terminal elevator in Fort William in 1911, it became necessary for me to get feeders to gather grain in the west, to ship to the terminal and keep it busy. The first elevators were bought at a cost of approximately $5,000 each and held about 25,000 bushels.

Grain came in drawn by horses, and was in bags. These the farmer untied, emptied through a grating in the floor of the drive-shed at the side of the elevator away from the railway tracks. The belt and buckets, driven first by a horse; then as advances were made by a gasoline engine, elevated the grain to a hopper about fifty bushels at a time, which in 1911 was a wagon-load. In those days the farmer with a helper would cut his grain with a binder, pile the sheaves into stooks, pile the stooks into stacks and, while waiting for the custom threshing outfits, would get his fall plowing done. Meantime, his grain sweated and matured.

The contrast with today is very marked. Today, the farmer's wife does not have to slave over a stove, cooking for a threshing crew, sometimes for days while waiting for better weather. Today almost every farmer has a combine. Five years ago, the combine cut and threshed the grain into a box carried on the machine, which stopped and dumped it into a wagon or truck. While it was being driven to the elevator at the nearest station or siding, he went on till his box filled again; but the trouble there was that the low spots in the field were green and the green kernels lowered the grade of the ripe grain. So the method was changed to what is called swathing: a ten or twelve foot swath is cut, laying the grain in one direction on the stubble, where it ripens and matures. It is ripe to start with, but it really matures in the swath.

Hon. Mr. Aseltine: It is quite frequently cut on the green side.

Hon. Mr. Paterson: Then the self-driven or tractor-driven combine picks it up, threshes it, throws the straw back, to be plowed under or burned later, and the grain goes into a box on the combine, where it is dumped into a truck driven by a contractor farmer or one of the farmer's family.

As speed is very essential, in order to keep the combine clear, the elevator must be fast at unloading. All this cutting and combining is done by the farmer, often with only the help of a teen-age daughter. The speed in harvesting and the few hands required has altered the whole method, so that instead of elevators and railways having a whole fall and winter to market the crop, the bulk of the grain is delivered in a few short weeks, putting a tremendous burden on the grain handling facilities and personnel. That is, of course, when the weather is fair. But for two years now the weather has not been favourable for harvesting.

A word now about the change in method. In 1911 railway cars held approximately 60,000 pounds: the bulk of them were 56,000-pound cars. Today, all new cars are built to carry 120,000 pounds, and rails are heavier, engines are bigger and trains are longer. It has been necessary to rebuild the older elevators, putting in 16-foot dump scales, which tilt up the trucks, handling up to 500 bushels

per load. This grain is weighed first in the truck; then the truck is weighed light. A ticket or receipt is given to the driver, and away he goes for another load. The grain, meantime, is going up in buckets to a head pulley, where it falls clear and is directed by a spout to the desired bin, the spout being moved by the buyer or operator to the bin from the drive-shed.

The up-to-date elevators hold 60,000 bushels, contain fifteen to twenty bins, and if the variety of grain is great the operator puts each variety in a separate bin so that the elevator is plugged up before it is filled because there is no empty bin for a different grade from that already taken in. The elevators are operated by electric motors wherever current is available, and otherwise by semi-diesel engines. All elevators are equipped with air pumps to provide the air required to dump the trucks, and air hose to give tire-air, as a convenience to the customers. The cost of a 60,000-bushel elevator, equipped with up-to-date scales, cleaner, etc., runs about $42,000, and to pay expenses each should handle over a hundred thousand bushels.

The government fixed price to the farmer has taken away a lot of the element of risk, but operators still run the risk of giving a farmer a receipt for 1, 2 or 3 Northern as the case may be, and having the grain turn out to be of a poorer grade. A loss also frequently occurs when the buyer misjudges the amount of weed seeds and takes off say 2 per cent, when actually the grain contains 3 or 4 per cent.

The crop of 1950-51 was a disastrous one for most of us, as the moisture content was something new to most buyers. It was fifteen years since we had had to contend with excess moisture to any extent, and in that time, we did not use our driers at the terminal, but today they are running night and day.

The crop came in, as I pointed out, so fast that the buyer had no time to test by the old-fashioned method, and before we knew it our elevators were filled with grain containing excess moisture, and for which a straight grade receipt had been given.

This year a new tester with a storage battery is available, and it gives the moisture content instantaneously. Straight grade wheat will take 14½ per cent moisture; over that it grades tough up to 17 per cent and is discounted 4 cents per bushel; over 17 per cent it is graded damp and is discounted 16 cents. On oats, tough may have up to 17 per cent moisture, and is discounted 4 cents; damp is over 17 per cent moisture, and is discounted 9 cents per bushel. I have not burdened you with the figures for barley, flax and rye.

Today's methods of drying grain are scientific and are closely supervised by the Dominion Government Inspection Department of the Board of Grain Commissioners and by the board's chief chemist in his laboratory at Winnipeg. To start with, the maximum heat for each kind of grain has a set limit. For wheat, oats, barley, rye, corn and flax it is 180 degrees Fahrenheit; for malting barley, 110 degree Fahrenheit. Any higher temperature would spoil the germinating qualities. The heat at the drier is thermostatically controlled and automatically recorded on an electric recording thermometer. The baking tests before and after drying, of course, are the tests that keep milling wheat up to the Board of Grain Commissioner's standards of quality grade for grade, and this in turn protects the certificate finally in the markets of the world.

It will be appreciated what this supervision means to our world reputation for high grade when I tell you that 85 per cent of the grain now coming in is tough or damp. The laboratory, in its final inspection after drying, does not make a dried grade as formerly. If wheat has suffered injury or lost some of its baking quality in the drying, it is dropped down to the milling standard of a lower grade. Our people refer to this crop as a "heartbreak crop".

There are 719 elevators in Manitoba with a capacity of 43,987,000 bushels if all grades were the same. Saskatchewan has 3,044 elevators and a capacity of 161,146,000 bushels. Alberta has 1,539 elevators with a capacty of 110,240,000 bushels if all grades were the same.

The total amount of grain dried—wheat, oats, barley, flax and rye—in the last crop, 1950-51, was 46,584,000 bushels. The total drying capacity, as given out by statistics from and including Fort William/Port Arthur to Vancouver and Victoria is 967,000 bushels in twenty hours. But a word of explanation. Heat controls are government supervised, and results after drying are closely scrutinized. In other words, wheat containing 15¼ per cent moisture upon being dried down to 14 per cent will run through a drier at or near full capacity, but the higher the moisture content of the grain the slower the rate becomes, so that the figures I have given of capacity are purely figures.

Milling grades of wheat are 1 Hard, One Northern, Two Northern, Three Northern and Four Northern. No. 5, No. 6 and Feed Wheat are used as feed.

An encouraging feature may be mentioned here. There is a saying, "What is one man's meat is another man's poison." So we find

that the great republic to the south of us has had a decrease of 43 million bushels in its corn crop from that of 1950, and what it does have is of somewhat inferior feeding quality because of moisture and frost in September. Then, again, the United States finds a 5 per cent increase in its hog population, while its poultry supply is 16 per cent greater, and its cattle stock is on a par with what it was in 1950. We have been advised that the United States will be in the market a little later on for 100 million bushels of our low-grade wheat. The intimation of this market is welcome news, inasmuch as we have a carry-over of 100 million bushels from our last crop, and a similar carry-over from this crop.

As the season of navigation is almost closed, a few figures on the amount of grain that has been shipped out of the head of the lakes is interesting. Lake shipments of Canadian grain from the opening of navigation to November 15 of this year amounted to 260 million bushels, compared with 163 million bushels for approximately the same period last year. In other words, we have actually shipped 100 million more bushels of grain this year than we did last year.

With the new speedy methods of harvesting and hauling grain to the local elevator, and because of the prospects of increased production, I suggest that the capacity of railroads and elevators will never again be adequate to take deliveries as offered. The only solution is for the farmer to go back to his old method of storing his grain on the farm until facilities catch up and his grain can be taken in without delay.

In conclusion I wish to make a brief reference to the St. Lawrence Seaway. I should like honourable senators to listen to these figures very carefully. In 1950, 9,679,000 tons, or 97·1 per cent of the freight transported through the St. Lawrence canals, was carried in Canadian vessels.

To the best of my knowledge not a single vessel owner has been given a hearing or consideration regarding the proposed expenditure on this huge project, and I want to warn this house that if it is to be paid for out of tolls, the farmers of Western Canada will pay the bulk of it because a toll must be added to the freight charges, and grain passing down the St. Lawrence for export must pay the toll.

Some Hon. Senators: Hear, hear.

The Address was adopted.

TRANSPORT AND COMMUNICATIONS COMMITTEE

On the motion to adjourn:

Hon. Mr. Robertson: Honourable senators, before we adjourn, I would remind honourable members that the Transport and Communications Committee is to meet immediately the Senate rises, to hear representatives from the provinces of Saskatchewan and Manitoba.

The Senate adjourned until Monday, December 3, at 8 p.m.

THE SENATE

Monday, December 3, 1951

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

Prayers and routine proceedings.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, I would ask the house to consider adopting the following procedure for this evening's sitting. In a moment or two His Honour the Speaker will present six new bills that have come to us for consideration from the House of Commons. Three of these bills arise out of the report of the Royal Commission on Transportation, and if it is agreeable to honourable senators these bills, together with one relating to the Canada-United States tax convention, will be read a second time tomorrow. I would ask that two other bills, one dealing with an amendment to the Judges Act, and one dealing with an amendment to the Pensions Act, be placed at the foot of today's Order Paper, for second reading when the order for the third reading of the Old Age Security bill has been disposed of.

Hon. Mr. Haig: Honourable senators, I can see no objection to what has been suggested by the leader of the government. I should like to add to it a further suggestion, that when we come to the motions for second readings of the railway bills, we do not go into the merits or demerits of those bills at that time. I say that because in the Transport and Communications Committee there has been a violent difference of opinion as to what should or should not be done with certain parts of the proposed bills. As honourable members know, the bills which the committee has been considering are in the form in which they were introduced in the other house, but I understand that a number of amendments have since been made.

At this time I should like to ask honourable senators from Ontario and Quebec who are members of the Transport and Communications Committee if they would kindly attend its meetings.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Haig: Those of us who come from the western and eastern parts of the country have been very faithful in attendance at the committee. Representations have been made on behalf of western provinces and of eastern provinces by able counsel, but nothing has been said on behalf of either Ontario or Quebec. In fact, for all that we have heard to the contrary before the committee, there would hardly seem to be any such provinces as Ontario and Quebec. I am not saying that by way of criticism, but simply to emphasize my invitation to senators from those provinces to attend future meetings of the committee. We young fellows from the west and the east are not very well trained, and we should like the leading lights of central Canada to come and give us a hand in carrying on the committee's work.

CANADIAN NATIONAL-CANADIAN PACIFIC BILL

FIRST READING

A message was received from the House of Commons with Bill 6, an Act to amend the Canadian National-Canadian Pacific Act, 1933.

The bill was read the first time.

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

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

MARITIME FREIGHT RATES BILL

FIRST READING

A message was received from the House of Commons with Bill 7, an Act to amend the Maritime Freight Rates Act.

The bill was read the first time.

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

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

RAILWAY BILL

FIRST READING

A message was received from the House of Commons with Bill 12, an Act to amend the Railway Act.

The bill was read the first time.

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

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

PENSION BILL

FIRST READING

A message was received from the House of Commons with Bill 27, an Act to amend the Pension Act.

The bill was read the first time.

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

Hon. Mr. Robertson: Honourable senators, I would move that this bill be placed on the Order Paper for second reading at a later stage of the sitting.

The motion was agreed to.

CANADA-UNITED STATES OF AMERICA TAX CONVENTION BILL

FIRST READING

A message was received from the House of Commons with Bill 28, an Act to amend an Act to amend the Canada-United States of America Tax Convention Act, 1943, and the Canada-United States of America Tax Convention Act, 1944.

The bill was read the first time.

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

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

JUDGES BILL

FIRST READING

A message was received from the House of Commons with Bill 29, an Act to amend the Judges Act, 1946.

The bill was read the first time.

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

Hon. Mr. Robertson: I move that the bill be placed on the Order Paper to be considered later in the sitting.

The motion was agreed to.

PEST CONTROL PRODUCTS

ORDER FOR RETURN

Hon. Mr. McDonald inquired of the government:

What were the quantities and values of the most effective insecticides, fungicides, herbicides, and other pest control products most generally used in Canada that were:

(a) manufactured in Canada

(b) imported into Canada

for the years 1939, 1949 and 1950?

Hon. Mr. Robertson: With my honourable friend's consent, I would ask that this inquiry be changed to an Order for Return.

Hon. Mr. McDonald: That will be satisfactory to me.

The inquiry was passed as an Order for Return.

RETURN TO ORDER

Hon. Mr. Robertson: I now table the Return to the Order, giving the information asked for by the honourable senator.

OLD AGE SECURITY BILL

REFERRED BACK TO COMMITTEE

On the Order:

Resuming the adjourned debate on the motion of Hon. Mr. Robertson for the third reading of Bill 13, an Act to provide for Old Age Security.

Hon. John T. Haig: Honourable senators, I am not going to discuss the bill. At the last sitting of the house I asked the leader of the government how the people of Newfoundland, who have been Canadians for only two and a half years, could qualify for pension under the provisions of this bill. I believe my friend is prepared to answer that question.

Hon. Wishart McL. Robertson: Honourable senators, the leader opposite asked whether the people of Newfoundland, despite the the twenty-year residence requirement, could qualify for the pension under this bill. I shall now proceed to answer that question.

Residence in Canada is not defined in the bill, but under clause 6 the Governor in Council is authorized to make regulations for carrying the purposes and provisions of the measure into effect. Paragraph (d) of this clause authorizes the Governor in Council to make regulations . . .

. . . defining residence in Canada and defining intervals of absence from Canada preceding an application that shall be deemed not to have interrupted residence in Canada.

What constitutes residence in Canada for the purposes of the Old Age Security Act is a matter which will be dealt with by regulation.

I am advised that the Department of Justice holds the view that it is quite within the competence of the Governor in Council, under the circumstances of confederation to decree that residents of Newfoundland be considered residents of Canada for the purposes of this legislation.

Hon. Mr. Haig: Thank you.

Hon. Mr. Robertson: Honourable senators, perhaps while I am on my feet I should speak to a further question that was asked. On second reading the honourable senator from

Lunenburg (Hon. Mr. Duff) asked me if I would explain the financial aspects of the measure. I said that I would secure the information and supply it to him either in committee or on third reading. I now have that information, and am prepared to supply it.

Hon. Mr. Duff: Go on.

Hon. Mr. Robertson: For the benefit of my honourable friend I will repeat in essence much of what I said on the second reading.

This program—I refer to old age pensions —will be financed on a pay-as-you-go basis. That is to say, sufficient funds will be provided each year by special contributions and earmarked taxes, as recommended by the committee, to pay the cost of pensions for that year. A special fund will be established, to be known as the Old Age Security Fund, out of which the pension payments will be made.

With regard to the taxes earmarked to finance this scheme, it seemed most reasonable to utilize the main taxes which at present support our revenue system, namely sales tax, individual income tax, and corporation tax. It is proposed that through the Old Age Security Act three kinds of taxes shall be imposed, namely: a 2 per cent sales tax, a 2 per cent personal income tax, and a 2 per cent tax on corporation profits. The 2 per cent sales tax levied under the Old Age Security will not be additional to the present 10 per cent sales tax. Concurrently with the enactment of this tax, and the coming into force of the Old Age Security Act on January 1, 1951, provision will be made for the reduction from 10 per cent to 8 per cent of the rate under the Excise Tax Act. That is, a 2 per cent sales tax under one act is to be transferred from one act to another with no change in the over-all rate. The revenue from this source should amount next year to about $145 million. I might add that in the view of the government a sales tax is an eminently equitable method of financing this part, at least, of our social security program. Where social security benefits are to be universal, it is only proper that contributions to the sustaining fund should likewise be universal, as far as it is possible.

In addition, under the sales tax method of financing the burden through a wide income range will be roughly proportionate. For example, through sales tax a $6,000-a-year man will contribute, about three times as much towards his $40-a-month pension as will the man with a $2,000-a-year income.

The proposed personal income tax will be in addition to the tax at present in force. A special levy of 2 per cent on taxable income, with a maximum of $60, is to be imposed. That is to say, the social security tax will be either 2 per cent of taxable income or $60 a year, whichever is the lesser. This levy will not come into force until July 1, 1952. For the first year as a whole the tax will be only 1 per cent, with a limit of $30. On a full-year basis this additional 2 per cent on the taxable income of individuals should yield approximately $95 million.

The third item of revenue from the Old Age Security Act will be an additional 2 per cent on corporate profits, effective January 1, 1952. It is expected that in a full year this tax will produce approximately $65 million. At present the tax on corporations is 15 per cent on the first $10,000 of profits and 38 per cent on the excess, with a 20 per cent surcharge on the 38 per cent, making an effective rate of 45·6 per cent on profits of more than $10,000. The additional 2 per cent will raise the rates to 17 per cent on the first $10,000 and 47·6 per cent on profits above $10,000. In addition to the federal tax there are corporation income taxes of 5 per cent in the eight provinces with which the federal authorities have tax agreements, and of 7 per cent in Ontario and Quebec.

It is anticipated that the new federal pensions will involve an expenditure next year of roughly $330 million, though it may be as low as $320 million. The three taxes supporting the fund can be expected to produce an annual revenue of, say, $300 to $310 million. Taking these figures as tentative only, the fund may show a small deficit for the first full year.

As payments of the new federal pensions will begin in January, 1952, it is estimated that outlays in the current fiscal year—that is, for the year ending March 31, 1952—will be about $80 million. As receipts from the 2 per cent sales tax will amount to about $30 million, and as there will be no appreciable collections from the 2 per cent tax on corporations, and none at all from the personal income tax, which is not effective until July 1, there will of course be a deficit in the Old Age Security Fund in the neighbourhood of $50 million, as at March 31, 1952.

To meet such a deficit there is a special provision in the proposed legislation whereby the Minister of Finance may make temporary loans or advances so that pensions chargeable to the Old Age Security Fund may be paid. At the same time the minister is also required to review annually the state of the fund and, if in his opinion the revenues will be insufficient to pay the charges, together with the repayment of any temporary loans, to recommend measures for increasing the revenues.

The purpose of these provisions is to ensure that the fund, at least after the first few months, will be self-sustaining, and that the revenue sources are sufficient to ensure an adequate flow of income to meet the pension payments and the repayment of loans.

Honourable senators, these are the basic principles on which it is proposed to operate the fund.

Hon. Mr. Horner: The question raised by the leader on this side (Hon. Mr. Haig) about the eligibility of Newfoundlanders to receive this pension, prompts me to ask the honourable leader of the government about the status of people who have been living in Canada for a number of years but whose countries of origin no longer have any national identity. I am thinking of such countries as Latvia and Estonia, which have disappeared behind the Iron Curtain. I wonder if the leader of the government can say whether there is any hope of these people coming within the twenty-year requirement in this old age security measure.

Hon. Mr. Robertson: The test is the length of residence in Canada, and I do not think the question of nationality has anything to do with it. With relation to Newfoundland, I understand it is intended to treat the people of that province as though they had been citizens of Canada for the past twenty years.

Some Hon. Senators: Question.

The Hon. the Speaker: Honourable senators, the question is on the motion for third reading.

Hon. Mr. Roebuck: Honourable senators, before the question is put, I should like to say a word about the proposal to interpret the Act in such a way that Newfoundland may be considered a part of Canada. I think the Department of Justice is drawing a very long bow here. When an Act is in plain language it always takes precedence over an interpretation, and this bill provides that the pension may be paid in respect of every person who:

(b) has resided in Canada for the twenty years immediately preceding the day on which his application is approved, or, if he has not so resided,

(i) has been resident in Canada prior to those twenty years for an aggregate period at least equal to twice the aggregate periods of absence from Canada during those twenty years.

This language is perfectly clear. We all know what constitutes Canada today and what constituted it at any special time, and the Act provides that the pensioner shall have been a resident of Canada for a certain length of time. As the leader of the government has pointed out, power is given to the executive to define "residence in Canada".

Hon. Mr. Farris: Would the honourable senator read that?

Hon. Mr. Roebuck: Section 6 says that the Governor in Council may make regulations for, among other things:

(d) defining residence in Canada and defining intervals of absence from Canada preceding an application that shall be deemed not to have interrupted residence in Canada;

Surely it is not meant that an executive, acting under the Act, can change the wording of the Act. Canada is Canada. Surely to allow the executive to say that living somewhere else is living in Canada is a far stretch of the imagination and an assumption of power by the executive that is not given by this bill. I make this comment for the reason that my honourable friend from Blaine Lake (Hon. Mr. Horner) has just asked about people who have come to this country from Latvia. Well, if the executive can define living in Newfoundland as living in Canada, they may also define living in Latvia as living in Canada.

Hon. Mr. Horner: Quite right.

Hon. Mr. Roebuck: In this case we would be enacting legislation which would allow the executive to read in the whole world by regulation. If you can play with words in that way, you can go as far as you like. It is all right to pass this bill, but I call attention to the fact that we could run into trouble if its interpretation were attacked.

Hon. Mr. Farris: Honourable senators, I think there is a good deal of merit in the remarks of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). This is an exceedingly doubtful provision, and though in my opinion it does not justify delaying the passage of this bill, I would most respectfully submit to the Department of Justice that it might well redraft this section—

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Farris: —and place an amendment before us at the next session of parliament. I do not think the illustration of the honourable senator from Toronto-Trinity is quite accurate, because there is an important difference between Newfoundland and Latvia in that the bill speaks of Canada as of today, and Newfoundland is part of Canada, whereas Latvia and similar countries are not, and never were. It may well be that the very fact that power is given to the Governor in Council to define "residence in Canada" rather indicates that something more than the ordinary routine definition could be given, for otherwise this power would not be needed at all. The best suggestion I can offer is that the matter ought to be cleared up next session.

Hon. Mr. Aseltine: Honourable senators, why should we pass an imperfect measure? If this section is not broad enough to include people of Newfoundland unless an Order in Council or something of that nature is passed, I think it is our duty to make it broad enough. I imagine there is no great hurry to have the measure put through. As payments under it do not commence until January 1 next, and parliament will be in session for a week or two longer at any rate, why not refer the bill back to the Banking and Commerce Committee for consideration of what has been said here, with a view to having the section broadened and put in proper language?

Hon. Mr. Robertson: I should judge that, as pointed out by the senator from Vancouver South (Hon. Mr. Farris), the difference between Newfoundland and the other countries mentioned is that Newfoundland is now part of Canada.

Hon. Mr. Roebuck: I do not think that is the answer.

Hon. Mr. Robertson: I do not know that that justifies the phraseology used.

As to the suggestion made by the senator from Rosetown (Hon. Mr. Aseltine), if the house is agreeable to having the bill referred back to the Banking and Commerce Committee I cannot see that this would cause the public interest to suffer. A meeting of that committee is called for tomorrow morning, and the measure could be considered there without delay.

Hon. Mr. Aseltine: Honourable senators, I move that the bill be not now read the third time, but that it be referred back to the Standing Committee on Banking and Commerce for further consideration.

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

PENSION BILL

SECOND READING

Hon. Mr. Robertson moved the second reading of Bill 27, an Act to amend the Pension Act.

He said: Honourable senators, this bill seeks to increase the pension under the Pension Act, for disability or death. It is consequent upon the government's consideration of the representations made by the Canadian Legion and the National Council of Veterans Associations in Canada. I will now give an outline of what the legislation is designed to accomplish.

Honourable senators are aware that a pensioner who is totally disabled as a result of war service receives a 100 per cent pension. For all ranks and ratings up to Lieutenant Commander in the Navy, Major in the Army and Squadron Leader in the Air Force the present pension is $94 a month, and this is being raised to $125, an increase of 33⅓ per cent. If the pensioner is married he now receives $31 monthly additional for his wife, and this is being raised to $45, an increase of 45 per cent. Thus the total monthly pension for the family unit will be $170 instead of the present $125. The additional pension for the first child is to be increased from $19 to $20 monthly, but the rates for other children remain unchanged.

The pensioned widow who now receives $75 monthly will, under this legislation, have her pension increased by 33⅓ per cent; that is, to $100. Honourable senators will recall that by the amendments of June 1951 the pensions for the children of such widows were increased to orphan rates. They will now be $40 monthly for the first child instead of $38, and remain at $30 for the second and $24 for each subsequent child, respectively.

The unemployability supplement, provision for which was made by Order in Council P. C. 3510, dated July 4 last, will cease as soon as the new scale of pensions comes into effect, on January 1, 1952. This measure, which was designed to give immediate relief to pensioners unable to work and whose disability pensions were their sole or principle source of income, has, however, served a most useful purpose and afforded very valuable information regarding the needs of the group who were most seriously disabled in their country's service. Under the present rates a 100 per cent pensioner, married, gets $125, and if unemployable, $40 additional, or a total of $165. Under the proposed new rates he will receive $170. That is, he will get $5 more than he has been getting under the statute and the Order in Council. A 100 per cent pensioner, single, now receives $94, plus $20 unemployability supplement if he is unemployable, a total of $114, and under the proposed scale he will receive $125.

The records show that up to date 6,246 pensioners have received the supplement at married rates and 2,991 at single rates, a total of 9,237 in all. That is, about 27 per cent of the total number of pensioners receive the unemployability supplement. This supplement has been of great assistance to the group of pensioners who were hardest hit by the rising cost of living, and it is felt that the measure has fulfilled the desire for which it was intended.

I feel, honourable senators, that no one will dissent from the argument that the state has a special responsibility to those who have

been maimed in its defence, and I am certain that the principle expressed by this legislation will be received by all honourable members with great satisfaction.

Hon. Mr. Roebuck: May I ask the honourable leader a question? I see from the newspapers that the burned-out class of veterans have protested that they are not included in the provisions of this bill. Can the leader tell us what classes are included? For instance, are the non-pensioned widows included? And just what categories of veterans or veterans' dependents who have been drawing some sort of pension from the department are excluded?

Hon. Mr. Robertson: As I understand it, this bill applies specifically and exclusively to the totally disabled veterans.

Hon. Mr. Fogo: And the partially disabled.

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

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Banking and Commerce.

He said: Honourable senators no doubt have questions to ask about this measure. My purpose in explaining it tonight was to bring the subject before the house.

Hon. Mr. Roebuck: I agree that it should go to committee.

Hon. Mr. Haig: The officials can appear before the Standing Committee on Banking and Commerce and give us the information we require.

The motion was agreed to.

JUDGES BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 29, an Act to amend the Judges Act, 1946.

He said: Honourable senators, the purpose of this bill is to increase the number of county court judges in British Columbia from fourteen to fifteen. The government of that province has requested the appointment of an additional judge at New Westminster. An investigation by the Department of Justice has disclosed that because of the volume of work brought about by a greater population and increased business activity the appointment of an additional judge is warranted.

Hon. Mr. Roebuck: This bill provides for the appointment of only one county court judge. Are we to assume that only one additional judge is to be appointed at this session?

Hon. Mr. Robertson: As far as I know, no further appointments are contemplated at this session.

Hon. Mr. Horner: I might say that we have judges in the province of Saskatchewan who are not fully occupied. Could not one of them be transferred to British Columbia?

Hon. Mr. Reid: Honourable senators, I have nothing to say about the appointment of an additional judge, but I take this opportunity of drawing the attention of the government to the problem created by certain groups of youths, commonly known as "zoot-suiters", in my province and in other parts of Canada as well. I am wondering whether we should not at this time be giving serious consideration to the handling or treatment of these hoodlums who are intimidating people, and even threatening their lives, and who in some instances have even intimidated members of the police force. Only recently I heard that a youth of seventeen or eighteen years drew a gun at a dance hall and shot another youth. There are towns or cities in my province where these young men have congregated and staged free-for-all fights, while a cordon of police around them apparently was afraid to interfere.

It is a terrible state of affairs, honourable senators, when young men of this character are taken before the courts, convicted and given light sentences instead of the good old-fashioned lash, which has served as the best correction for such misbehaviour since the days of Adam. The conduct of these lawless bands, who are running wild, so to speak is at times most degrading. I am wondering whether our judges in the handling of such cases are strict enough. It would almost seem that they are somewhat afraid to mete out the sentences that are deserved. Indeed, I recall an incident when forty or fifty young men in the city of Victoria threatened men of the army in that city.

Hon. Mr. Farris: Order.

Hon. Mr. Reid: It is difficult to know what would have happened had the commanding officer not called his men in.

Hon. Mr. Farris: How did they behave in New Westminster?

Hon. Mr. Reid: On occasion they did not behave very well, according to the stories I have heard from eyewitnesses. But the same is true of Victoria and Vancouver.

I warn the government of Canada and the public about what is going on. This is the

type of youth who, if there was ever an invasion of this country from the Soviet Union, might be the first to join the subversive elements. They seem to me to be a lawless crowd who fear neither God nor man, and have no regard for authority.

When it was proposed that the Royal Canadian Mounted Police take over the policing of British Columbia, I was opposed to the move; but in the light of recent events I think it has been to our advantage. These characters are less apt to tangle with the R.C.M.P. than with the city or provincial police, who at times hesitate to walk in and interfere with riots or disturbances.

Regarding the appointment of another judge, perhaps the honourable senator from Vancouver South (Hon. Mr. Farris), who is an eminent counsel in my province, would enlighten us as to whether any consideration has been given to using judges who are not very busy with their duties in the interior of British Columbia, and of having them serve in the courts in the busier centres. True, more help is required in the County Court work in New Westminster, but if judges moved on a circuit, the problem of overwork might be lessened somewhat.

Hon. Mr. Horner: Take one from my province.

Hon. John T. Haig: Honourable senators, I cannot let the remarks of the senator from New Westminster go without comment. I think I should point out to him that his observations about the maintenance of law and order are not properly directed to the judges of the province. At the present time there is in Canada a committee composed of distinguished judges and lawyers engaged in the preparation of amendments to the Criminal Code. If action is to be taken, it can only come by putting teeth in certain sections of the Code.

I think the honourable senator from Edmonton (Hon. Mr. MacKinnon) could tell us something very interesting about the contest in his city between "zoot-suiters" and soldiers.

Hon. Mr. MacKinnon: It has been greatly exaggerated.

Hon. Mr. Haig: It was so serious that action had to be taken to confine the soldiers to barracks; otherwise there would have been rows on the streets. The point is that this kind of thing has become active in my province, and I assume in other parts of the country, since the establishment of the juvenile courts. I believe that the root of the trouble lies here. Up to a certain age boys and girls who get into trouble are sent to the juvenile courts, and I have never heard of a juvenile court giving a judgment that was any good at all to the boy or girl involved. I make that statement without reservation. The result of the treatment of young offenders in these courts is that they go away with a wrong slant on life. In contrast, let me say that, so far as our province is concerned, I have never heard one syllable of complaint as to the manner in which delinquent youths are dealt with by our county court judges. The cases that come before them are handled properly. If they are guilty they are suitably punished, if they are not guilty they are released. The consequence is that, although these young offenders are not afraid to go before the juvenile courts they dread to appear before judges of either the county courts or the superior courts. What, after all, are these juvenile court officials? They are magistrates, and nothing more; but they are accorded the title of judge, and in Manitoba they are by law entitled to be known as judges of the juvenile courts.

Hon. Mr. Aseltine: They are not county court judges.

Hon. Mr. Haig: No, they are only magistrates, having the rank and powers of a magistrate.

Hon. Mr. Beaubien: Are they lawyers?

Hon. Mr. Haig: Not necessarily, though I believe most of them are. Not all the juvenile court judges in Manitoba are lawyers. From what I know of conditions in my own province—and one can only judge from personal experience—I believe that the establishment of these juvenile courts was a very great mistake. I admit that they may not be ineffective in some cases where younger children, say from eight to ten years of age, are involved; and the parents may prefer to have them dealt with in these courts, because it is argued that if these young children are sent to a higher court they may associate with criminals and thereby become criminals. That statement may be true, but it does not accord with my experience.

As to the "zoot-suiters," I can tell my honourable friend from New Westminster (Hon. Mr. Reid) that we have them in Winnipeg, as well. But one achievement upon which we can pride ourselves is that "zoot-suiters" have learned to respect the police. Never once in the last five years has our police force failed to take care of disorders caused by these groups. I am utterly opposed to the namby-pamby idea that a boy fifteen, sixteen or seventeen years of age can be impressed by a sort of Sunday-afternoon lecture, admonishing him to go out and be a goody-goody

boy. Once free of the court, he just laughs at it. He is impressed very much more if he is properly and adequately punished.

I am glad to see that the Province of British Columbia, and the district of New Westminster, from which our distinguished senator (Hon. Mr. Reid) comes, is to have another judge, although I hope the need did not arise through his appointment to the Senate.

In every province, I believe, there is a situation not unlike that to which the senator from New Westminster has referred. In the cities the country court judges are busy. Those in Winnipeg, I know, are overworked. In the rural districts the reverse is true. I hope the rural judges still remember their law: certainly they do not get much opportunity to use it. I have particularly in mind conditions in Manitoba, but I believe they are the same in Saskatchewan, and apparently, from what the honourable senator has said, in British Columbia—and probably in every other part of Canada. In Winnipeg our four county court judges are worked to the limit; the county court judge at Brandon is pretty fully employed; but as regards Morden, Minnedosa and some other country points, I find it difficult to understand how the judges keep themselves occupied.

I am wholly in favour of the bill before us. At the same time I would express the hope that, following the report of the committee which is engaged in revising the Criminal Code, we shall so strengthen our criminal legislation that the young men and young women who come before our courts will realize that the law of Canada must be obeyed. Anything short of this will not help them; it will hurt them. Take conditions in the home; after all the nation is no more than an assemblage of homes. If the children are not taught to obey their parents, they are just that much worse off when they start out in the world; they are so much the less fitted to make their way in life.

In conclusion, let me repeat that I am heartily in favour of the bill; but I hope that other honourable senators will support by views with regard to the juvenile courts which exist in some parts of Canada.

Hon. A. W. Roebuck: Honourable senators, I do not know that I can agree with the honourable leader of the opposition (Hon. Mr. Haig) in his estimate of the value of the juvenile courts. We have had one in the city of Toronto, and of course others in all the main centres of Ontario, for a very long time. One of the Toronto courts is presided over by a non-lawyer, whom we call "Judge" Mott. I agree with the honourable senator from Winnipeg (Hon. Mr. Haig) that it is a mistake to call these men "judges"; they should be known as "magistrates" or perhaps even "masters", but not judges, because the use of that term creates confusion in the minds of the young people with regard to the men who preside over the juvenile courts.

At the same time I believe that juvenile courts have done a great work. I am sure that is true so far as Toronto is concerned. It may be that some presiding officers have not been sufficiently severe with the juvenile of advanced years who is charged before them with serious offences. But that is a matter of judgment and I presume these officers know their work. However, that is not very important.

The one thing I would like to say in reply to the honourable member from New Westminster (Hon. Mr. Reid) is that I hope his words will not travel to young zoot-suiters and lead them to suppose that they have terrorized the police force of my province. They have not terrorized the policemen of the city of Toronto, with whom I am very familiar, as I have acted for many years for their organization and have been closely in touch with the administration of that force. I can assure the young rowdy in the streets of Toronto that he need not count on having terrorized the police of my city, because he has not, and he is not likely to. This class of offenders will feel the full strength of a very efficient police force, if at any time they run amok.

Hon. R. B. Horner: As everybody knows, Blaine Lake has no zoot-suiters, therefore I hesitate to say anything on this matter; but perhaps I may express agreement with what has been said on this subject by the leader on this side (Hon. Mr. Haig). With due respect to the views of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) it seems to me an amazing thing that, in spite of prosperous times, a high level of employment, the provision of baby bonuses and other social benefits, in every paper one picks up young boys and girls are reported as appearing in the courts, even of the fair city of Toronto, charged with highway robberies, assaults, or other serious offences. To judge from such performances, my leader's estimate of the character of the work of the juvenile courts is justified. Certainly the juvenile court system is not teaching these young offenders the lesson they need to learn.

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

THIRD READING

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

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

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, December 4, 1951

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

Prayers and routine proceedings.

PENSION BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 27, an Act to amend the Pension Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill 27, An Act to amend the Pension Act, have in obedience to the order of reference of December 3, 1951, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

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

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

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

CANADIAN FORCES BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 21, an Act respecting the Canadian Forces.

The report was read by the Clerk Assistant (See Minutes of Proceedings).

The Hon. the Speaker: Honourable senators, when shall the report be taken into consideration?

Hon. Mr. Robertson: Next sitting.

OLD AGE SECURITY BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee of Banking and Commerce on Bill 13, an Act to provide for Old Age Security.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred back Bill 13, an Act to provide for Old Age Security, have in obedience to the order of reference of December 3, 1951, further examined the said bill, and now beg leave to report the same without any amendment.

He said: Honourable senators, some questions were raised in the house yesterday about this measure, and as a result the bill was referred back to the committee. The committee discussed the matter this morning, and on the basis of an opinion expressed by the Law Clerk, which I have here, the committee saw fit to report the bill back without any amendment. If it is the pleasure of the house, I shall now read the opinion of the Law Clerk. It is as follows:

Section 9, subsection (1) of the Interpretation Act states that every Act of the Parliament of Canada shall, unless a contrary intention appears, apply to the whole of Canada. Where the word "Canada" is used in the bill it means Canada as presently constituted. Canada as presently constituted includes the province of Newfoundland. Furthermore, by the Terms of Union of Newfoundland with Canada it is provided that subject to the Terms of Union, the province of Newfoundland must be treated, in so far as welfare and public services are concerned, on the same basis and subject to the same terms and conditions as the other provinces of Canada. The Terms of Union were approved by this parliament and by the Parliament of the United Kingdom and by the Government of Newfoundland, and are part of the Constitution of Canada. "Residence in Canada," under the terms of this Bill and under the terms of other statutes of Canada, means residence in the territory now known as Canada. The provisions of the bill authorizing the Governor in Council to define "residence in Canada" are the same as similar provisions of the Old Age Assistance Act, chapter 55 of the statutes of 1951, and the Allowance for Blind Persons Act, chapter 38 of 1951. The power to define "residence in Canada" in each case is delegated to the Governor in Council.

It is submitted that it is preferable to delegate to the Governor in Council the authority to define "residence in Canada" and "intervals of absence from Canada preceding an application that shall be deemed not to have interrupted residence in Canada," so that groups of people who serve Canada in civil and military employment, and possibly commercial employment, may be permitted, under appropriate regulations, to count periods of service for Canada in foreign countries as "residence in Canada."

So far as Newfoundland is concerned, it is now legally a part of Canada and, in my opinion, it is unnecessary to deal with it any differently from any other province in this type of legislation.

THIRD READING

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

Hon. Mr. Robertson: Now.

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

CANADIAN NATIONAL-CANADIAN PACIFIC BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 6, an Act to amend The Canadian National-Canadian Pacific Act, 1933.

He said: I need hardly remind honourable senators that this bill and the two bills which follow it on the order paper represent legislation by which it is proposed to implement the report of the Royal Commission on Transportation. It will be recalled that early in the session the Senate referred the report of the commission to the Standing Committee on Transport and Communications, who since that time have given very careful consideration to the subject matter of this legislation. I have thought that under these circumstances it might have been preferable, in connection with submitting these bills for your consideration, to have availed myself of the services of some honourable senators who had acquired in the committee a detailed knowledge of these matters. On the other hand, members of the committee may have differences of opinion on details; and, this being government legislation, I felt that, while claiming no intimate knowledge, I should personally present these respective bills.

The first two bills, as honourable senators who have familiarized themselves with them are aware, are of a relatively minor nature. The principal one is the third on the order paper, namely, the bill to amend the Railway Act. However, if and when the house sees fit to give the three bills second reading, it might be the part of wisdom to have them referred to the Standing Committee on Transport and Communications in case questions affecting one or other of them might arise.

The purpose of Bill 6 is to implement certain recommendations contained in chapter 8, section F of the report of the Royal Commission on Transportation. These recommendations are to the effect that the annual reports submitted to parliament by the directors of the Canadian National Railways shall contain a separate section giving in summary form information concerning the co-operation between the two railways. The proposals which were put forward by the royal commission are contained in new section 14 A, subsections (a), (b), (c), (d), (e), and (f) of the bill.

The Canadian National-Canadian Pacific Act, 1933, was passed to effect economies in railway operations during the depression and to improve railway revenues. The result of the Act was to deter the railways from wasteful competition, and during the 1930s it permitted economies which exceeded a million dollars a year—at that time a much more significant sum than it is now. Thus the Act has served a useful purpose. In presenting this amendment the government has in view is improvement in the character of the annual report submitted to parliament. I have no hestitation, therefore, in commending this legislation to the favourable consideration of this house.

Hon. Mr. Haig: I have read the bill, and I have no objection to it.

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

REFERRED TO COMMITTEE

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

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

The motion was agreed to.

MARITIME FREIGHT RATES BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 7, an Act to amend the Maritime Freight Rates Act.

He said: Honourable senators, this bill consists of two simple amendments recommended by the Royal Commission on Transportation at page 237 of their report.

The first of these amendments provides that the practice of the railways and of the Board of Transport Commissioners for Canada, which allows the 20 per cent preference on westbound traffic moving by rail-and-lake, and also by rail-lake-and-rail from the maritime area to points west in Canada, be confirmed and put into legislative form. In other words, it confirms the practice which has been in effect for many years, but which has not been written into the statute books.

The second amendment asked for by the Canadian National Railways, and recommended by the Royal Commission on Transportation, would delete section 6 of the Maritime Freight Rates Act. This section concerns the keeping of accounts for eastern lines, provision as to which serves no useful purpose, because the C.N.R. claims that it does not keep separate accounts for its eastern lines, but collects its share of the subsidies payable under the Act in the same manner as other railways operating in the select territory.

Honourable senators, as I have said, these two minor amendments are recommended in the report of the Royal Commission on Transportation.

Hon. Mr. Haig: I am not too clear as to the purpose of the first amendment, but I can find out in committee.

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

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

RAILWAY BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 12, an Act to amend the Railway Act.

He said: Honourable senators, this bill is introduced for the purpose of implementing the recommendations of the Royal Commission on Transportation with respect to equalization of freight rates, and in regard to other amendments to the Railway Act suggested by the royal commission.

In its report the commission states that Canada has reached a stage in its development when former methods of making regional rates must give way to a uniform rate structure which, so far as may be possible, will treat all citizens, localities, districts and regions alike. This is the objective; but it must be realized that the intricate pattern of rates cannot be changed overnight without dislocation of trade and industry, and that it will take some time and much study to bring about the equalization which the commission had in view. The report of the commission states that the objective of equalization is something which can only be attained after considerable study by the Board of Transport Commissioners and the railways. Undoubtedly, many serious problems are involved. For example, there is the question of what effect the proposals may have on railway revenues, on established industries and on trade and market patterns.

The part of the bill that empowers the board to effect and maintain the uniformity in freight rates throughout Canada as recommended by the royal commission, is found in new section 332A. Subsection 1 of this section declares the national freight rates policy, and says that every railway company shall, so far as is reasonably possible, in respect of all freight traffic of the same description, and carried on the same kind of cars, passing over all lines and routes of the company in Canada, charge the same rates to all persons. Subsection 2 provides for a uniform scale of mileage class rates and mileage commodity rates, and for revision of any other rates with a view to implementing the national freight rates policy. Subsection 4 contains the exceptions to equalization, which include the Crowsnest Pass rates and traffic moving over the eastern lines of the Canadian National Railways, as defined in the Maritime Freight Rates Act. The other exceptions are joint international rates, rates on export and import traffic, competitive rates, agreed charges, rates on the White Pass and Yukon route, and other cases where the board considers an exception should be made.

As honourable senators are aware, inequalities in freight rates have been a subject of contention for many years. The purpose of the new section 332A is to provide for a more equitable freight rates structure.

Another important amendment is to be found in new section 332B, which provides for what is now known as the one-and-one-third rule in respect of competitive transcontinental rates.

Over the years complaints have been made respecting competitive transcontinental rates. These rates apply on traffic hauled by the railways across the continent in competition with water transport via the Panama Canal or direct to Pacific coast ports. There is also competition from the American railroads. Unlike most competitive rates, they apply generally to or from a large area in Eastern Canada is included in the territory covered by transcontinental rates, because ocean steamships, with connecting lake, river and truck services, can carry traffic into or out of all the area served by the Great Lakes and St. Lawrence river as well as the East coast.

On the other side of the continent the transcontinental rates apply only to Pacific coast ports and the trucking area surrounding those ports.

As a result of the many complaints made by distributors and consumers in the provinces of Alberta and Saskatchewan, the commission recommended that the benefit of any transcontinental rate from the east to the British Columbia coast should be carried into the rate to intermediate territory, so that that rate would be not more than one-third higher than the transcontinental rate; and that the same principle should apply to eastbound transcontinental rates. Section 332B of the bill gives effect to this recommendation.

There are other provisions of the bill respecting the constitution of the Board of Transport Commissioners and the office of Chief Commissioner, the new division of freight tariffs, amendments relative to interline rates, and accounting and statistics.

In the last section, number 18, provision is made for a subsidy not exceeding $7 million to be paid to the Canadian Pacific and Canadian National railways in respect of the maintenance of the "bridge" which constitutes a rail link between east and west.

The bill provides that this subsidy is to be reflected in the level of the freight rates on traffic passing over this "bridge."

As honourable members from the Maritimes will perhaps remember, the bill as originally introduced was amended in the committee of the other house by the addition of the new paragraph (f) of subsection (4) of section 332A. This paragraph is indicated by a marginal black line at the bottom of page 6 and the top of page 7 of the bill. The purpose and effect of this amendment is to make it clear that the preference granted to the Maritime Provinces under the Maritime Freight Rates Act will be preserved.

Hon. John T. Haig: Honourable senators, I do not think that we should debate the merits of the bill at this stage. I will give my reasons for saying this. The bill is the most important piece of legislation that has come before the Senate this session, and I think that its effect on the future of this country will extend over very many years. A bill dealing with railroads is always a very complicated affair.

The principle underlining this bill is equalization of rates across Canada. I wholeheartedly support that principle, and I do not see how anybody could have serious objection to it. I am also in favour of the principle in the bill recognizing the merits and the authority of the legislation which gives effect to the Maritimes Freight Rates Agreement. That agreement was entered into after long discussion, and I need not go into the history of it. There is no doubt that one of the conditions insisted upon by the Maritime Provinces before entering confederation was that there should be some rail link between them and what is now called central Canada. This was agreed upon, and the Maritime Freight Rates Act simply continues the agreement. With that I have no quarrel.

Then coming to Western Canada, we have what is known as the Crowsnest Pass Agreement, which also was arrived at after long negotiations and—thanks to the vote of this house—incorporated into legislation. Today we would not have that law, which is beneficial to Western Canada, if it had not been for the vote of the Senate which preserved the agreement for the Crowsnest Pass rates. With that also I have no quarrel.

The bill, however, contains certain sections which, in my judgment, are opposed to the underlying principle of equalization of rates. I do not want to discuss those now. I have attended our Transport Committee's sittings and heard all the representations made there and the questioning of witnesses. As the honourable member who is chairman of the committee (Hon. Mr. Hugessen) knows, I was quite active in cross-examination of witnesses, whether they were favourable or unfavourable to the position that I take. Now, it seems to me that we would have a better understanding of the bill if the committee's meetings were attended by not only members of the committee, but by all senators. I have no authority to invite honourable senators to the committee, but I point out that they are entitled to come, and to examine the records and listen to the proceedings. As a member of this house I sincerely hope that honourable senators will attend this committee. The decision which the committee makes is most important to a vital industry in Canada.

A question was raised in the other place a few days ago concerning the importance of our transportation system to the people of Canada in time of war. I was old enough at the time to be familiar with the events of the First World War, and I was not too old to know about the Second World War. The part played in those struggles by our transportation system help Canada to make a much greater contribution towards their successful outcome than would otherwise have been possible. For that reason I want to be sure that the passage of this legislation will do nothing to destroy or weaken railway operations in Canada. The railways must handle the goods economically, so that the people of the East and the West can compete in the markets of the world. I want to be fair about the whole question, and I would emphasize that no part of parliament has a greater obligation and responsibility than the Senate has to examine this bill in every detail and be certain that when it is passed it is the best piece of legislation that can be devised.

I am sure that the chairman of the committee will concur in my request that as many as possible of the members of the house attend the meetings of the committee. It may be a little dull to sit in at a meeting of a committee of which one is not a member when phraseology and draftsmanship are being discussed; but we are dealing with a fundamental issue. Indeed, the government felt that it was so important that a Royal Commission was appointed to conduct an investigation into the transportation system of Canada.

Hon. Mr. Farris: I gather that my friend has some objection to the measure. Would he please state it?

Hon. Mr. Haig: I can state my two main objections briefly. The first is that the section dealing with competitive rates should

give the Board of Transport Commissioners power to pass regulations dealing with certain problems. There may be some people who think the board has not done a good job in the past, but I, for my part, have every confidence in it. If it is shown its members are not competent, then let us get men who are.

My second objection has to do with the question of equalization of freight rates across Canada. If, for instance, goods can be sent from Central Canada to Edmonton at a cost which is the same as or less than the cost of delivering them in Winnipeg, that is not equalization of rates. There are no mountains or geographical obstructions in the area between Central Canada and those two cities. I can understand the Maritime provinces having a special dispensation, for that was part of the scheme of confederation. The same is true of British Columbia. I agree that that province would never have become part of Canada had not the government of the day promised to build the Canadian Pacific Railway to connect it with the rest of Canada. Had the government not carried out that promise, British Columbia would now be either an independent state or part of the United States of America. I am willing to go along with the concessions to the Maritime provinces and with what is known as the Crownest Pass Rates, but the matter of competitive rates presents a problem.

I cannot imagine any railway managed by capable businessmen putting into effect a lower rate than it is forced to give; yet, when one reads the bill, there seems to be a suggestion that the railways are anxious to give low rates to meet competition. I know members of the board of directors of both major railways, and I do not believe that to meet competition they would give a rate lower than is absolutely necessary. The rail rate on steel to the Pacific Coast is, I think, about $1.50 per hundred pounds, but the ocean rate is about $1 per hundred. Some may say that those are not competitive rates, but they are, because shipment by way of the Panama Canal results in considerable delay, and businessmen at the coast who are anxious to receive goods are prepared to pay the higher rate. The rate to Vancouver on automobiles from Windsor, Toronto, Oshawa or Montreal, is about $8.70 per hundred pounds. Because of their bulk, automobiles cannot be shipped by water, and so the railways charge not $1.50, as they do for steel, but $8.70. The carriers charge what the market will stand, and I do not criticize them for it.

I am quite willing that the Board of Transport Commissioners should have power to regulate competitive rates and see that they are fair to all concerned. The bill as now drawn would seem to compel a railway company to show that a truck line from Winnipeg to Dauphin, for instance, threatened to take away its business; and this would have to be proved by figures. I do not know how the railway could be expected to supply that information. I think the bill should merely give to the board the power to demand particulars. My objection in that respect is not very serious, however, because I do not believe that any board, before granting a competitive rate, would demand information which the railways might find it impossible to supply.

Hon. Mr. Vien: Would the honourable senator permit a question? Did I understand my friend to say that there is a section in the bill which would curtail the jurisdiction of the board with respect to competitive rates?

Hon. Mr. Haig: The bill provides that the board may require a company to supply certain information before a competitive rate is granted.

Hon. Mr. Vien: To what section does the honourable gentleman refer?

Hon. Mr. Haig: It is section 331. I shall read some of the subparagraphs which detail the information required:

(i) the name of the competing carrier or carriers.

The railway company might not know that.

(ii) the route over which competing carriers operate.

It might know that.

(iii) the rates charged by the competing carriers, with proof of such rates as far as ascertainable.

There is no way to tell that because these conditions have not arisen; and, as the railroad representatives pointed out to us, after arrangements have been made and competition has begun it will be too late to act. If the bill should pass in its present form, however, I have confidence that the Board of Transport Commissioners will put aside purely technical considerations. When I asked counsel who represented Alberta and Saskatchewan why they wanted these provisions put into the Act instead of them being made the subject of regulations, they said quite candidly, "So that we can say to the commission, 'They are here, and parliament must have wanted them here or they would not have put them in; so you must have that information' ". That may be good logic but I do not think it is common sense.

The representatives of both Manitoba and British Columbia objected to section 332B. I may say that I had not intended to discuss

this matter at length in this chamber. Perhaps it would have been better if the honourable member from Vancouver (Hon. Mr. Farris) had not asked me the question but as he has done so he is entitled to an answer. The effect of the section may be illustrated in this way. If the rate on steel from the East to Vancouver is $1.50 per hundred pounds, under this section the rate from Vancouver as far east as it is desired to go will be $1.50—the rate to the coast—plus one-third. In other words, it will be $2. In practice that means that a shipper of steel from within the triangle embracing, let us say, Montreal, Hamilton and Toronto, will be able to deliver it five hundred miles west of Winnipeg at the same price as he can deliver it at Winnipeg.

Hon. Mr. Turgeon: As the honourable senator from Winnipeg reads the bill, is the additional one-third rate of which he speaks applicable only to towns on the direct route, or does it apply also upon branch lines?

Hon. Mr. Haig: It is not stated. I think the Alberta representatives overlooked the fact that there is no compulsion upon the railroads to put in force the transcontinental rate; as long as their charges are below the standard rate they can put in what rate they like. The representatives of the Canadian Pacific Railway told the committee, "If we are compelled to set a rate, say to Saskatoon, which because of the Pacific Coast rate will represent a loss to us, we shall have to increase the Pacific Coast rate in order to make the cut-back pay, and the charge will have to be so high that, by reason of the Panama Canal competition, we shall lose on trade to Pacific". I do not think any director in his senses would consent to such a low transcontinental rate. Why should the charge be $8.75 per hundred pounds of steel in a motor car, and only $1.50 per hundred on steel in the raw state? The answer, of course, is the existence of the Panama rates. If my memory serves me, the rate per hundred pounds of steel in a motor car consigned to Edmonton is about $7.20; from the eastern triangle to Winnipeg the amount is somewhere between $4.50 and $5.

This state of things, I think, is in flat contradiction of the original provision for equalization of rates. Under the Crowsnest agreement, Alberta, Saskatchewan and Manitoba have rates much lower than they would get through equalization. This agreement was given the force of law; industry was built upon it; the Commission recommended that it be left undisturbed; and unless there is clear evidence that it is unfair to Canada as a whole, we have not the right to change it.

For the reasons I have given I would urge that the bill as a whole should be seriously studied in committee. The unfortunate feature of legislation of this character is that, based on certain rail rates to various parts of our transcontinental system, industrial developments have taken place in certain areas of the country, and it is now very difficult to make changes. For example, about one hundred and seventy articles—some very important, others of less consequence—are affected by the rate to the coast.

It is my suggestion that section 332B should be withdrawn. What is proposed amounts to a revolutionary change in railway law. If it should be found after a sufficient period of trial that there is still a drawback which cannot be met, the matter can then be remedied.

As to arbitraries, an example is the similarity of rate to Winnipeg from any part of the Sudbury—Montreal—Windsor area. The original rate was an arbitrary rate. Another example is the rate from Fort William to Winnipeg. Under this legislation it will disappear. The distance from Fort William to Winnipeg is about 410 miles, but under the old law it was reckoned as though it were only 260 miles. That situation, of course, no longer obtains under the proposed legislation.

Hon. Mr. Lambert: Was not the reason for assuming that distance to be 260 miles, instead of 410 miles, to suggest an even division of the existing so-called "bridge" between east and west?

Hon. Mr. Haig: That is correct. As regards the provision, involving an expenditure of about $7,000,000, for getting goods forward or back over the so-called "hump", that is clearly dealt with in the bill, and I do not think there will be much difficulty about it. Each railway has about the same mileage west of the hump; though the C.N.R. has the greater mileage in Eastern Canada, it is not affected on that account. The idea is that the people of Western Canada, especially of the three prairie provinces, who depend so much upon the railroads for transportation in both directions, shall be given some chance to benefit by a reduction of freight on the articles in which they are particularly interested. I think the idea is a good one, and that it will work out well. The cost is not likely to be large enough to be startling.

In conclusion, I hope that every member of the committee and every member of this house will attend the meeting of the committee and listen to the discussion and take

part in it. We have already heard the legal representatives from the Maritime Provinces. I want to say, not to be complimentary to the Maritimes, but as a fact, that I am not surprised that quite a few of our Western judges derive from that part of Canada. Certainly the lawyers from the Maritime Provinces who appeared before our committee reflected credit on the legal profession by their fine presentation of the case. I think the representatives from the eastern provinces were the most able; and though there were capable representatives from both Alberta and Saskatchewan; perhaps I was a little prejudiced in favour of the chap from Saskatchewan. The gentlemen from Manitoba and British Columbia were rather young, but they appeared to fully realize their responsibilities. They impressed me as thinking a good deal of Canada as a whole, and as being particularly hopeful that this legislation would bring tremendous relief to the people of Western Canada. Like myself, the representatives from Manitoba and British Columbia were opposed to this section. The Alberta representative was violently in favour of it. The Saskatchewan representative spoke in favour of it, but he admitted that the eastern part of his province would receive little benefit from it.

Honourable senators, again I say that this bill is worthy of your full consideration. I hope that, like the members of the royal commission, we shall meet this question on the basis of what is in the best interest of the railways and the railway users. I trust that the leader of the government will send this bill to committee, and that all honourable senators will take part in the deliberations of that committee.

Hon. Thomas Vien: Honourable senators, I entirely agree with much of what the honourable leader opposite (Hon. Mr. Haig) has said. This bill is important, and it affects our vital interests in times of war and in times of peace. The honourable gentleman has aptly stated that the Maritime rights will not be injuriously affected or jeopardized as a result of this legislation. He also could have said that the privileges of the grain growers with respect to rates on grain and grain products, frozen by law as a result of the Crowsnest Agreement remain unchanged. This agreement, as amended in 1922, will continue to have full force and effect. I do not believe, however, that this bill introduces compulsorily any principle binding the hands of the Board of Transport Commissioners. Section 331, which is permissive, appears at page 5 of the bill, and reads as follows:

(1) The Board may provide that any competitive rate may be acted upon and put into operation immediately upon the issue thereof before it is filed with the Board, or allow any such rate to go into effect as the Board shall appoint.

(2) The Board may require a company issuing a competitive rate tariff to furnish at the time of filing the tariff, or at any time, any information required by the Board . . .

There are and always will be anomalies in our freight rate structure. Competitive rates themselves are anomalies. They were introduced in our railway rate system to enable railway companies to meet water and American rail competition to which they would otherwise lose their traffic; and also to allow Canadian railways to assist certain industries to survive. It stands to reason that competitive rates are lower than normal rates. When a railway company publishes a competitive rate, it is logical and reasonable that the Board of Transport Commissioners should have the right to ask it to justify such rate, so as to make sure that it does not constitute unjust discrimination. This is a well recognized underlying principle in rate making. A competitive rate being discriminatory because it is lower than the normal rate, the members of the Board should have the right to satisfy themselves that such a rate is necessary and is not unjustly discriminatory.

The honourable leader of the opposition referred to transcontinental rates and their relation to rates to intermediate points. Transcontinental rates are also competitive. They enable railway companies to transport materials, similarly packed in the same type of cars, to more distant points at a cheaper rate than to intermediate points. Shippers or consignees living at intermediate points have often complained that they have to pay more for a shorter haul than is being charged on traffic moving under transcontinental or international rates to more distant points. Railway companies invariably will reply that such transcontinental rates are competitive; that they are published to enable Canadian producers to ship their products to world competitive markets. The complainants allege that if the company can carry such traffic to seaboard at the published rate, it should also be able to carry it to an intermediate point at the same rate. The purpose of the appropriate section in this bill is to provide that the transcontinental rate shall not exceed by more than one-third the rate to intermediate points. In other words, it simply establishes a yardstick with which to measure the reasonableness of the international rate, in order to prevent it from becoming excessive.

The honourable leader also referred to constructive mileage, as compared with actual mileage, and gave as an instance the assumed or constructive mileage on which rates are based with respect to traffic moving between

Fort William and Winnipeg. Well, there are a number of other points where constructive mileage is used and is almost necessary. Of course, it is anomalous, but this method is adopted to prevent or cure greater anomalies. It has been closely scrutinized and found to be fair and equitable. For instance, the actual distance by Canadian Pacific Railway from Calgary to Vancouver is 644 miles, and by Canadian National from Edmonton to Vancouver, 768 miles, a difference of 124 miles. It has been deemed necessary to allow the Canadian Pacific to adopt from Calgary to Vancouver the Canadian National's actual mileage from Edmonton to Vancouver. The reason is that from Calgary to Vancouver the grade through the Kicking Horse Pass is 2·2 per cent—formerly it was 4·4 per cent, but the spiral tunnel reduced it to 2·2. The ruling grade from Edmonton to Vancouver does not exceed 1 per cent.

Hon. Mr. Reid: One half of 1 per cent.

Hon. Mr. Vien: I am not speaking of a constant grade, but of a ruling grade, a maximum grade, and it is 1 per cent. Then, although the Canadian Pacific Railway has to travel an actual distance of only 644 miles from Calgary to Vancouver, it is allowed to assume the Canadian National's actual distance of 768 miles to compensate itself for its higher grade and its pusher mileage. It was often suggested to the board that the Canadian Pacific Railway should be held down strictly to its actual mileage of 644.

Hon. Mr. MacKinnon: The road was built in the wrong place.

Hon. Mr. Vien: The honourable gentleman is quite right if he means to refer to the fact that the Canadian Pacific Railway was originally intended to go through the Yellowhead Pass, from Edmonton to Vancouver. Later, for reasons of its own, the company decided to run through the Kicking Horse Pass, from Calgary to Vancouver. It was also urged on many occasions that the line from Calgary to Vancouver has other compensations; that, in any event, the company, having chosen it of its own free will, should not be accorded the privilege of a constructive mileage greater than its actual mileage. If that argument had prevailed, what would have been the result? There is a criss-crossing of railway lines in the Prairies, east of the Rockies. If the Canadian Pacific had adopted its actual mileage of 644 miles, competitive conditions would have forced the Canadian National to reduce its own actual mileage of 768 miles to that of the Canadian Pacific Railway, i.e., 644 miles.

Hon. Mr. Haig: May I ask the honourable senator a question? Does he understand that the one and one-third rule applies only to transcontinental rates?

Hon. Mr. Vien: That may be, but I am not sure of it at the moment.

Hon. Mr. Haig: The rule applies only to transcontinental rates. In Ontario, for instance, the distance over the C.P.R. from Toronto to Sault Ste. Marie is about 540 miles, but over the Canadian National it is about 720, and the rates over both roads are the same. I think that if the honourable gentleman will refer to page 7 of the bill, line 30, he will see that I am right.

Hon. Mr. Vien: Yes, my honourable friend is correct. May I say that I agree with my honourable friend's suggestion that the bill should go to committee. The changes proposed are certainly important, but this bill will not eliminate all the anomalies to be found in railway freight tariffs. Competitive rates should at all times be scrutinized. This bill gives the board discretionary powers; it does not tie its hands.

The honourable leader opposite is quite right when he says that railways are not anxious to put in competitive rates, for they lose money by doing so. This measure may have the effect of protecting them against pressure which might sometimes be brought to bear on them by the big users of their facilities. One must however remember that discrimination, as such, is not prohibited by the Railway Act. What is prohibited is only unjust and unfair discrimination. The Board of Transport Commissioners exercises its discretion, uses its best judgment to weigh all the facts. It seems that the bill, as drawn, gives it discretionary power and leaves it completely untrammelled; but it defines principles of national policy in which I concur.

Hon. Mr. Stambaugh: I should like to ask the leader opposite a question. Did he suggest in his remarks that the railways could haul automobiles at the same rate as they haul steel?

Hon. Mr. Haig: No, I did not suggest that. I said, in effect, that automobiles were hauled at a standard rate of, I think, $8.70 per hundred pounds from Toronto or Montreal to Vancouver. The rate to Edmonton or Calgary is, I think, $7.40 per hundred pounds; to Saskatoon and Regina it is $5.50; and to Winnipeg, $4.40. This commodity cannot be shipped by water because of its bulk, but I am not suggesting that the rate on cars should be cut down or increased.

Hon. Mr. Stambaugh: Why did you mention it then?

Hon. Mr. Haig: Cars are not affected at all.

Hon. Mr. Stambaugh: That is what I thought.

Hon. G. H. Ross: Honourable senators, some time ago I asked a number of questions with regard to the Canadian Pacific Railway. I had hoped to have the answers before proceeding with this debate; however, as I have not yet received them, I presume I will have to proceed without them. I hope they will come down before the session closes.

The Turgeon Commission made an excellent diagnosis of the railway situation in Canada, but the remedy, in my opinion, does not go far enough. It is quite apparent that on a basis that is fair to all parts of Canada neither one of the great railway systems is able to earn a profit sufficient to enable it to pay operating expenses, maintenance, upkeep and repairs, and a reasonable return on capital to the shareholders. The remedy prescribed by the commission and embodied in the bill now before us is, in my opinion, wholly inadequate.

In March of last year I spoke in the debate on the Address in reply to the Speech from the Throne. At that time I advocated the nationalization of the Canadian Pacific Railway system, the consolidation of it with the Canadian National Railways, and the operation of the two as a unified system. I also urged the writing down of the capital charges against both of these railways to a basis that would enable them to reduce their rates and compete with water transportation, buses, trucks and air competition. I am still of the opinion that this is the best solution of our railway problem.

Is this socialistic? I hear someone say, "Oh, that is socialism and we want none of it." It is true that socialists advocate government ownership and operation of the Canadian Pacific; but because socialists favour a desirable reform is no good reason why we should shy away from it. I am not a socialist; I believe in the government staying out of any enterprise where there is real competition. It is argued that so long as the C.P.R. is privately owned, competition between it and the C.N.R. would keep both railway systems on their toes and working in the interest of efficiency and economy. But there is no beneficial competition between the two railway systems at the present time.

As to competition: In the early history of railways, *laissez-faire* was very popular in so far as their operation was concerned. Regulation was not deemed necesary. It was thought that competition between lines would be a sufficient regulator. The first regulation in Canada was to limit by charter the profits to 15 per cent. Rates were later fixed subject to the approval of the Governor in Council. Controls increased in number and were exercised by a committee of the cabinet until 1904, when the Board of Railway Commissioners for Canada, known since 1938 as the Board of Transport Commissioners, was set up. It has since been given very wide powers. Maximum rates on both railways are now fixed by the Board. Controls now entirely displace competition as a regulator in all cases in which competition formerly existed.

So long as we fix maximum freight and passenger rates for the railways, those rates should make it possible for the Canadian Pacific Railway Company to make money enough to pay operating costs, maintenance, and reasonable dividends to shareholders on the amount invested by the railway in railway property, less the aid given by federal, provincial and municipal bodies. Apparently there is no hope of the Canadian Pacific being able to do this in the future.

The Turgeon Commission recommended the payment of annual subsidies. The bill now before us provides for the payment of an annual subsidy of $7 million to the railways to bridge the non-profitable gap between the eastern and western lines. This will not go very far. And as competition from other forms of transportation diverts traffic from the railways, the subsidy will have to be increased. I do not like the idea of paying subsidies to privately-owned corporations to operate public utilities. Government ownership and operation of the railways is the rule rather than the exception in continental Europe. The nationalization of British railways was recommended by a select committee of the House of Commons, set up in 1918. A royal commission in 1931 recommended unification, "however accomplished". Nationalization of the railways was advocated in an election speech in 1918 by Mr. Winston Churchill. He favoured low freight rates, even if it meant operating at a loss, as he expressed the fear that as long as the railways were in private hands "they might be used for immediate profit, while if they were in the hands of the State it might be wise to run them at a loss if they developed industry, placed the trader in close contact with the market and stimulated development."

As there will be no worthwhile competition between the two railways there will not be the incentive on the part of the

Canadian Pacific Railway to better its lot that there is under competition; there will not be the incentive to gain a profit or avoid a loss that is the mainspring of our competitive system. If we pay subsidies to the Canadian Pacific Railway Company to meet losses, those subsidies will no doubt vary with the losses. They will have the effect of destroying that initiative, imagination and resoursefulness that we need most if we are to have a resilient and rapidly expanding economy.

As to monopoly: Some people will object to the nationalization of the C.P.R. system and the amalgamation of the two railways on the ground that such an action would create a monopoly. There is a prejudice in the public mind against monopolies. Many fail to appreciate the difference in principle between a privately-owned and a publicly-owned monopoly. The object of a private monopoly is often to set artificially high prices with a view to making unduly high profits; the object of a public monopoly is to give service at the lowest cost possible.

In this case it would be a monopoly owned by Canada and controlled by a non-political board, free from political interference with all its costly implications. It should not be objectionable. It would not be a monopoly of transportation. The railways would still have to compete with water transportation, buses, trucks and aeroplanes. There can be no danger in a public monopoly such as this.

Public utilities are nearly always monopolistic in character. They should be owned and controlled by the State. The people of Ontario have saved tens of millions of dollars by the publicly-owned Ontario Hydro. In the case of not only a railway but of any other public utility, when competition fails to work as a regulator and serve the public fairly, public ownership and management must succeed private enterpise. This is not socialism; it is sound Liberal policy. Our public utilities can be more efficiently operated under public than under private ownership. The day will come when the Canadian Pacific Railway system will have to be nationalized. We should do it now.

The present system is wasteful. The losses from waste and overlapping in the field of transportation are enormous. In an address delivered to the Canadian Club at Chatham in 1934, the honourable senator from Waterloo (Hon. Mr. Euler) pointed out that competition between the two railway systems was extremely wasteful. He was reported as having spoken in part as follows:—

> Competition may be the life of trade, but it is death to our railways . . . The National a few years ago had a business-getting force of 3,500 men, the C.P.R. a corresponding number; all engaged in getting business from each other. The elimination of this competitive force, of duplicate telegraph, ticket, express offices, stations, trains and lines must run into millions. In my mind there is little doubt that a sum of from $50 million to $75 million could be saved and better service given than the half-starved service we have now in some instances.

Mr. E. W. Beatty, former president of the Canadian Pacific Railway Company, in an address delivered before the Canadian Political Science Association in Montreal on May 22, 1934, advocated that, in order to put an end to the waste of competition, the two railway systems—the Canadian National and the Canadian Pacific—should be unified under the control of the C.P.R. for the purposes of administration only. He said:

> As the result of an exhaustive anaylsis of the accounts by our officers, I have stated that under the form of unification proposed there would be a saving of seventy-five million dollars in a year of normal traffic, which amount would be increased as the trade of the country expanded in future years.

Later in the same address Mr. Beatty, in referring to the estimated saving of $75 million a year, said:

> Estimates of those savings were made at various times by the late Lord Shaughnessy, by the late Sir Henry Thornton, by Mr. Fairweather, economist of the Canadian National Railway, and by the present officers of the Canadian Pacific. These submissions can be regarded with respect as the fruits of deep study, conducted by men of experience. All of their estimates, though made at different times, are very similar in result. The estimate presented by the Canadian Pacific to the royal commission was examined and analysed by independent railway economists of standing and repute in the United States, and was pronounced unassailable.

Sir Henry Thornton was brought into Canada to amalgamate and organize the different railways taken over and operated by the federal government. He probably did more than any other man in Canada to create an *esprit de corps* between management and men. He expressed the opinion that by nationalizing the C.P.R. system and amalgamating it with the C.N.R. he could operate the combined system at a saving of from $75 million to $100 million a year.

Consequently, in the opinion of those who should know best, very substantial economies could be worked out under a unified system. These estimates were made seventeen years ago. If economies to the extent of $75 million a year had been made for each of the last seventeen years, probably we would have had no railway problem on our hands today.

I should point out here that since these opinions were expressed, minor co-operative measures have been put into effect under the Canadian National-Canadian Pacific Act of 1933, but the economies effected were comparatively small.

With regard to national policies: The development of Canada took place within the

framework of two national policies which have been pursued since confederation, namely, an all-Canada transportation system and a protective tariff. Both policies have had the effect of building up and enriching Central Canada—consisting of the peninsula of Ontario formed by the Great Lakes and certain areas in the vicinity thereof—at the expense of the rest of Canada, to the extent of hundreds of millions of dollars.

As to all-Canada transportation: If we had followed the laws of nature and geography between Canada and the United States, trade would flow from north to south and from south to north. Different railway companies were anxious to serve the prairies through the United States, where every mile of their railways would pass through fertile productive territory and be revenue-producing. But Canadian national policy would not allow this.

For fifty years following confederation, the policy of building transcontinental railways to channel trade east and west through Canada was considered of paramount importance. The public assistance given for the construction of railways, the building of canals, the deepening of waterways and the improvement of harbours was provided by Canada wholly with a view to promoting east-west traffic and preventing trade to the south. This long haul policy has forced us, in exporting primary products, to sell our products for much less than we would otherwise receive, and to pay more for what we buy than we would otherwise have to pay.

As to unfair rates: Another advantage that Central Canada has over the rest of Canada is in respect of water competition. It arises in this way. The Transport Board fixes maximum freight rates for the railways. The railways are free to reduce these rates to meet competition, and they do so in Central Canada to meet competition, particularly from water. Since the spring of 1948, to meet higher costs of labour and materials, the railways were allowed to raise the general ceiling of rates by 62·67 per cent on the traffic to which increased rates were applicable. They took full advantage of this raise where there was no water competition. Where there was competition they depressed their rates to meet it. As a result, it has been estimated that the freight rates on the prairies, without taking into consideration the raise of 12 per cent allowed on July 4, 1951, are approximately 25 per cent higher than in Central Canada, where they get the full benefit of water competition. This, notwithstanding that the cost of building railways on the prairies, was much less than in any other part of Canada; and that the cost of operating on the prairies is much less than in any other part of Canada.

We are told that the objective of the present bill is to bring about equalization of freight rates throughout Canada. I think that would be a very difficult thing to accomplish. If it were practical, the Board of Railway Commissioners would have done it long ago. But it is impractical for this reason: If you raise the rates in Ontario to meet the rates in the Prairie Provinces and the East, you price the railways out of the market. On the other hand, if you lower the price on the Prairie Provinces, the revenue will be much less. In other words, the railways could not stand to raise the rates in the East, because they might price themselves out of the market; and they could not stand to lower the rates in the West because they would lose too much revenue.

It is to be noted, too, that the C.P.R. makes more than $2 of net earnings or profits in the West for every $1 of net earnings or profits made in the East. This is true although more than twice as much freight traffic is carried in the East than in the West. If honourable senators would care to see the figures in this connection, I would refer them to an editorial in the Winnipeg *Free Press*, dated October 3, 1951.

Freight rates per 100 pounds on canned goods moving from Toronto west under the transcontinental scale is $1.57 to the West Coast, and $2.97 to Calgary. These higher rates are imposed on canned goods shipped to Calgary, notwithstanding the fact that to get to the West Coast they have to pass through Calgary and then go over some 700 miles of mountainous terrain. Similarly the charge on all through shipments is higher than on shipments to intermediate points.

The present bill does not provide for freight rates across Canada that will bring to an end the discrimination that now exists against the West and the East. It does provide that rates from the East to intermediate points in the West should not be more than one-third over the rate to the Pacific Coast. This will be helpful, but it does not go far enough.

In a case which arose in the United States, and which is known as the "Spokane decision", the Interstate Commerce Commission decided that intermediate points—Spokane, for example, in relation to Seattle—were not, without the permission of the commission, to be charged rates higher than the fair proportion of through rates. The cost of shipping for a greater distance should in no case be less than the cost of shipping for a shorter distance over the same route.

The railways are now seeking higher freight rates to enable them to make a reasonable income on capital invested. The reduction of intermediate rates will reduce their present income and lead to a request for still higher freight rates. If increases are granted as in the past, on a horizontal basis, there are many commodities on which the railways cannot raise the rates in Central Canada without diverting the business to water, highway, or air carriers; and Eastern and Western Canada will have to bear much more than their fair share of the added burden. Competition is bound to be much greater in the future than in the past. This will have the effect of diverting traffic from the railways and will lead to demands for still higher freight rates. The railways, in order to meet this competition, will have to decrease rates on many articles of trade in Central Canada, and further increase rates in non-competitive areas in the rest of Canada. As east-west traffic is an instrument of national policy, the added burden it creates should be spread over the whole of Canada and not be left to be borne by the East and West as at present.

The Prairie Provinces have no protection whatsoever from the general principle of railway rates made in accordance with "what the traffic will bear". Higher rates are deducted from the price the farmer would otherwise receive for his produce. The manufacturer can and does add the higher freight rates to the price of manufactured goods, and the farmers must pay. The producer of wheat and other natural products, produced for sale, pays freight rates on what he sells. He also pays on what he buys. He is bled both going and coming.

As to protective tariffs: At the time of confederation the Maritime Provinces were fairly prosperous. A number of small industries were being built up; there was shipbuilding activity and tariffs were low so that there was considerable coastal trade between the Maritimes and the New England States. Shortly after confederation, the national policy of high tariffs was introduced in Canada. The high protective tariff destroyed the coastal trade between the Maritimes and the New England States. Industrialists, in seeking desirable locations, looked upon Canada as a market exclusively for Canadian products; they crowded into Central Canada so as to be in the centre of the Canadian market; there they produced and sold their goods at excessive prices which the Canadian consumers were obliged to pay by reason of the high tariffs and high freight rates. Neither the Maritimes nor Western Canada could compete with them by reason of the tariff burdens and the long distances that they would have to ship their goods to serve different markets throughout Canada.

Prices of primary commodities in the domestic market are fixed by the price the seller receives for surplus exports in the foreign market. As the seller must meet world competition, the tariff collected by the country importing Canadian primary products is deducted from the price the Canadian seller receives.

On the other hand if the producer of primary products imports goods from abroad, he must pay for them at a reasonable price —including a reasonable profit—plus the tariff on the goods he imports. If he buys Canadian manufactured goods he must pay the Canadian manufacturer a reasonable price for them, including a reasonable profit, plus a sum equivalent to the Canadian tariff. Consequently, the producer of primary products is out of pocket a sum equal to the tariff imposed on what he sells as well as a sum equal to the tariff on what he buys. This particularly hits lumbering and fishing in the eastern provinces and British Columbia, and wheat growing and stock raising on the prairies. Thus the manufacturer collects for the goods he sells a price that is excessive by an amount equal to the tariff on similiar imported goods.

As the tariff is imposed not for the benefit of producers of raw materials, but as a policy to build up the nation, the nation as a whole should bear the cost of it.

The manufacturer must get for his goods a fair price plus a reasonable profit. If the demand falls off, he can close down his plant until the market comes back. It is not so with the farmer. He must cultivate his land and grow crops, otherwise his land will become so weedy that it will be almost valueless. He must move his products to export points regardless of cost of production. Farmers on the prairies must produce for export. Export must go on whether the returns to the farmer are high or low. He must sell his products so long as the price at the point of export provides him a margin, however small, over the cost of getting it there.

Now I come to the subsidy on feed grains. The subsidy on feed grains grown on the prairies and freighted to the eastern provinces and British Columbia, also discriminates against the farmers in the Prairie Provinces. The six eastern provinces and British Columbia obtain feed grains from the Prairie Provinces. To aid farmers in Eastern Canada and British Columbia, Canada embarked on a policy of

subsidizing them by paying freight charges on feed grains from Port Arthur to all parts of Eastern Canada, and from Calgary and Edmonton to all parts of British Columbia. If it is well to subsidize farmers and feeders of livestock in the East and in British Columbia, is it not well to subsidize farmers and feeders of livestock in the Prairie Provinces?

Not only are we discriminated against by being denied a subsidy that is paid to farmers and feeders of livestock in the other provinces, but we are taxed to subsidize farmers and feeders in those provinces. The subsidy is paid out of the general revenue of Canada. I wonder if there is any other instance in Canada in which one province is taxed to assist its competitors in another? I doubt it. Clearly the prairie farmer is taxed to subsidize farmers in all other parts of Canada who are their competitors in grain-feeding livestock.

Hon. Mr. McDonald: Would the honourable gentleman permit a question?

Hon. Mr. Ross: Certainly.

Hon. Mr. McDonald: Does the subsidy on feed grains not provide an extra market that you would not have for your feed grains in the West?

Hon. Mr. Ross: No, I do not think so. We get the price at Fort William, which is the world price, and eastern buyers do not pay us any extra price. If you want to encourage the growing of feed grains, give us the same subsidy that is given to the farmers in the other provinces and you will get results.

Hon. Mr. McDonald: May I ask my honourable friend what would be done with the surplus feed grains that are now being used in the East and in British Columbia? If we were not subsidized in the way mentioned by my honourable friend, I am quite sure we could not buy the large quantities of feed grains that we do.

Hon. Mr. Ross: It is our export sales, not the small quantities that we sell to other provinces of Canada, that fix the price.

Hon. Mr. McDonald: It is not small quantities, but very large quantities that you ship to us in the eastern provinces. What would you do with them if you were not marketing them there?

Hon. Mr. Ross: We could market them in Europe. The export market is as large as it was before this subsidy was granted.

Hon. Mr. McDonald: But the export market is not sufficient?

Hon. Mr. Ross: Oh, I think it is.

In the past ten years Canada has paid $161,740,000 in this subsidy. The unfair treatment should be discontinued. The only sound argument in favour of the subsidy is that it creates traffic for the railways.

I now wish to make a few remarks on railway operating costs. It is contended by advocates of private ownership that the Canadian Pacific Railway makes a better showing under private control than the Canadian National Railway does under public operation. I do not believe this.

The Canadian Pacific Railway was built from the Atlantic to the Pacific with the object of making dividends for its shareholders. It was allowed to build through the State of Maine and through the rich Eastern Townships of Quebec. It had the first choice of route through the prairies, and the orchard lands of British Columbia to the Pacific coast. Its many branches tap rich areas to the north and south to feed its main line.

On the other hand the Canadian National Railways absorbed the railways taken over by Canada and have operated them as a unified system since January 1, 1923. The railways taken over were formerly disconnected systems of insolvent railways, or railways on the eve of insolvency, all of them run-down and out of repair, all of them unprofitable, many of them built, not for profit, but to open unexplored country for settlement or for military purposes, under the ownership and control of Canada. These development lines were not expected to be profitable, particularly from the start. Furthermore, all the shares in the capital of the insolvent companies and all other obligations of the insolvent privately owned roads were taken over as liabilities of the new company instead of the roads being allowed to go through bankruptcy. To illustrate, $265 million in capital stock of the Grand Trunk Railway was included at par value in a liability of the National system. Yet its real value as set by an arbitration board was only $18 million.

Development lines have since been taken over and are being operated by the Canadian National Railways. Further development lines will no doubt be built in the future Such lines are often unprofitable, particularly in their initial stages. They may be built to link up existing facilities and provide railway connection with mining areas. The development of proven areas should not be retarded by lack of transportation facilities.

Under the circumstances, the Canadian National is very much handicapped, yet fair minded citizens must concede that it is being operated as economically and wisely as is the Canadian Pacific Railway.

Canada has already paid large subsidies to the railways to enable them to be built, and to be operated at low freight and passenger rates. Yet they cannot continue to carry on unless freight rates are raised—and increased rates in the past have helped Central Canada much more than the rest of Canada—or unless further subsidies are paid out of the general revenue of Canada. To subsidize the railways in order to enable them to equalize rates or even to maintain the existing rate structure would impose a heavy burden on the taxpayer. Taxpayers will be reluctant to assume the enormous burden which would be involved in subsidies to meet railway deficits.

In the depression days of 1913 and 1914 the people were fearful of the influence wielded by the railway companies throughout Canada, and denounced them as an octopus of far-reaching capacity for harm. Should the people be taxed to subsidize the Canadian Pacific Railway company, or any privately owned railway, the whole country would raise an uproar, whereas they would not nearly so strenuously object of being taxed if the railway were nationalized and operated by a government board.

As to competition: The competitive position of the railways *vis-à-vis* truck and water competition must always be kept in mind by railway union leaders as well as by railway executives, with a view to ensuring that rail transportation does not price itself out of the market. Our railway system was built up on the assumption that railways would have a monopoly of land transportation. But now we have competition from motor trucks, buses and from air as well as water transport. That competition is gradually growing more damaging to the railways and it will continue to be more damaging.

The Turgeon Report of the Royal Commission on Transportation at page 265 says:

> Conditions seem to indicate that these losses to the railways by reason of truck traffic can be expected to increase as time goes on. The effect of these losses in railway revenues is to throw a heavier rate burden upon the traffic which is non-competitive, that is long-haul and low-valued traffic. This burden is borne especially by those sections of the country, such as the Prairie Provinces, where truck competition is very much weaker than in Central Canada.

On the prairies distances are great. If the C.P.R. were nationalized, and the two systems amalgamated, a unified system of control of transportation could be brought about by parliament declaring the Trans-Canada Highway as being for the general advantage of Canada under the British North America Act.

Hon. Mr. Duff: Quite right.

Hon. Mr. Ross: Water and air transportation are already under federal jurisdiction. The Board of Transport Commissioners could then develop into a body which would co-ordinate on a competitive basis the future railway, highway, waterway and air programs in Canada. Each form of transportation has its inherent advantages; and if we are to have an efficient transportation system, each should perform the functions for which it is best adapted.

Competition among different kinds of carriers is not on a fair basis. The railways, at an enormous cost, have had to secure rights-of-way and build roadbeds on which to run their trains. In the case of the C.P.R. this enormous cost was paid for largely by the C.P.R. itself; in the case of the C.N.R. the cost was charged up against the railway. For shippers by water, canals have been built, waterways have been deepened and harbours have been improved. All this at an enormous cost, borne by the state—by Canada. The main highway throughout Canada is being built, not by those who operate trucks and buses, but by Canada and the provinces. Competition among these carriers of passengers and goods is not being conducted on a fair basis.

The solution: Let us nationalize the Canadian Pacific Railway; amalgamate it with the Canadian National Railways, and operate the two as a unified system; let us reduce the capitalization of the C.P.R. by the amount of the cost of that railway's right-of-way and roadbed, and reduce the capital of the C.N.R. accordingly; then by writing down the capital charges of both railways, under a unified system railway economies to the extent of approximately $75 million a year could be effected, freight rates could be fixed so that railways could compete on a fair basis with highway, water and air traffic, and we would discontinue paying an annual subsidy to a privately-owned public utility.

Some Hon. Senators: Hear, hear.

Hon. G. P. Campbell: Honourable senators, I do not wish to get into discussion about the desirability of amalgamating the railways of this country, but before speaking to the bill before us I may say that I think we should bear in mind the conditions that exist in this country today as compared with those

of the thirties, to which the honourable senator from Calgary (Hon. Mr. Ross) referred. Canada today has a growing population which is throwing quite a burden on the services of the railways, and I do not think there is much duplication or wastage in their operation. I for one feel that the competition between the Canadian National Railways and the Canadian Pacific Railway, as it now exists, is a very healthy and most desirable condition.

The bill before us provides for certain amendments to the Railway Act. With regard to the proposed method of determining freight rates, the measure is somewhat revolutionary. I agree with the honourable leader opposite (Hon. Mr. Haig) that the bill should receive most careful scrutiny. When it has been considered in committee, and the evidence taken there is before us, I would suggest that it be considered in Committee of the Whole before receiving third reading.

I have stated that the bill, in one respect, is revolutionary. It is an attempt to equalize rates across Canada by establishing a uniform class rate from one end of the country to the other. That is a method of rate-making which I do not think exists in the United States, and certainly it has never been carried out in Canada. It means that all the jurisprudence, and the rate cases that have been decided in the past, will be of no value in determining the questions which may arise under this new principle. For that reason we should carefully consider the legislation to see that we, as members of this house, do not decide technical matters and put them in statute form in such a definite way that they will be an obstacle in the way of the Board of Transport Commissioners when they come to rule upon the various applications by the railways.

I stated that one of the purposes of the bill is to equalize rates across Canada. That was the principle announced when the legislation was first introduced, but in the bill that comes before us it has been pretty well destroyed. In the first instance, the Maritimes are excluded from the principle of equalization, by section 332A (4) (f), which reads:

> . . . rates applicable to movements of freight traffic upon or over all or any of the lines of railway collectively designated as the "Eastern lines" in the Maritime Freight Rates Act . . .

I assume the wording of this paragraph is intended to mean that the Maritimes are left on the old basis, by which an arbitrary was used to determine their rates. I would suggest that they might argue that the wording of the section is broad enough to entitle them to have a single freight rate from one end of Canada to the other. I do not think that is the intention of the section, but knowing the able manner in which counsel for the Maritimes present their case—

Hon. Mr. Isnor: Order!

Hon. Mr. Campbell: —before the Board of Transport Commissioners, I can see that in the future that argument may well be advanced. The Maritimes may say that they are not affected by this equalization policy, but are entitled to have rates fixed on all freight originating on their lines and going to any point across Canada. That, as I see it, would be a ridiculous situation, and would not help any part of Canada.

Let us now look at the western case. We find there substantial exemptions from the equalization provisions, in the form of transcontinental rates. In other words, the new transcontinental rate basis will start just west of Winnipeg, and extend to the Pacific coast. That simply means that a shipper in the East may send his goods to Edmonton, for instance, for a little more than he pays to ship to Winnipeg; whereas the Winnipeg manufacturer, in order to ship to Edmonton, may have to pay a substantially higher rate. Certainly there is a discrimination there.

The leader of the opposition raised what I think is a very important point in connection with transcontinental rates. If the railroads are forced to put in a rate not greater than one and one-third times the transcontinental rate to, say, Vancouver on shipments of steel rails from Montreal, it will mean that they will have to consider whether the competitive rate which they would ordinarily put in, enabling them to compete with steamships operating from—for instance, Montreal or Saint John to Vancouver—is so low that they will be penalized and suffer heavy loss if they have to carry rails to Edmonton at the one and one-third rate. The situation presents problems which I do not thing we can decide here; but I think we should be aware of them, and see whether there is not some way of vesting in the Board of Transport Commissioners a little wider discretion in some of these matters.

The particular section which controls the policy is definite in its character. Section 332A declares that there shall be equalization of rates. The language used in subsection (2) is as follows:

> The Board may, with a view to implementing the national freight rates policy, require any railway company
>
> (a) to establish a uniform scale of mileage class rates . . .

That is to be read in conjunction with section 329:

(a) shall specify class rates on a mileage basis for all distances covered by the company's railway, and such distances shall be expressed in blocks or groups and the blocks or groups shall include relatively greater distances for the longer than for the shorter hauls . . .

In other words, there is a definite obligation on the board to require the railways to file these mileage class rates.

Again, if I interpret the legislation correctly, that definitely and entirely eliminates all arbitraries, and the effect will be that the Maritime arbitraries that have heretofore existed, and the basing arbitraries in the central section, will disappear, and we shall have a uniform class rate established on a mileage basis.

I submit, honourable senators, that when legislation so revolutionary in character is defined in the directive manner that is adopted in the bill now before us, it would be much better to state that the board may make regulations requiring this new basis to be set up over a period of time. I do not think that there is anyone today who is qualified to say how this new basis of rate-making will work in this country; and I am sure that representations will be made before the board by shippers from the central provinces, by receivers of goods from the western provinces, and by the provinces themselves, to show it is not workable.

Probably I am one of those who are cautious about making changes too rapidly. But I believe this question has been under consideration in the United States for a very long time, and that in fixing rates the authorities still stick to the system of arbitraries.

I do not think it is proper here and now to take the time necessary to discuss all these matters in detail. I merely wish to repeat that in its present form the legislation is so definite in character that the Board of Transport Commissioners will be greatly handicapped in dealing with the many applications which will come before it in fixing the new rates under this bill.

Another matter which occurs to me as a cause for some concern, particularly with respect to transcontinental rates, is the tariff of rail and lake rates which has been in existence for some length of time. I do not know how it will be affected by the establishment of these new transcontinental rates; but it seems to me that the basis here laid down for fixing these rates at intermediate points on a basis of one and one-third is a very arbitrary one. It would have been better to have left some discretion in the Board of Transport Commissioners, rather than to tie their hands and the hands of the railways in dealing with this problem.

Hon. Mr. Farris: Did the commission recommend that?

Hon. Mr. Campbell: I cannot say. The only other point I would like to mention, because it does affect to some extent the central provinces, is the basis of establishing competitive rates. That phase of the bill has been dealt with by the honourable senator from De Lorimier (Hon. Mr. Vien) and the leader of the opposition (Hon. Mr. Haig). It is true that the words in the bill seem to be permissive, but those of us who have appeared before the Board of Transport Commissioners can readily see what will happen when counsel for competitors engaged in transportation try to prevent the railways from filing a competitive rate under this bill. Section 331 states:

(2) The Board may require a company issuing a competitive rate tariff to furnish at the time of filing the tariff, or at any time, any information required by the Board to establish that . . .

Then follow a great number of items. When parliament passes legislation in that form there is, it seems to me, an obligation on the board to require this information, because that is the only basis on which the board is now empowered to allow the filing of a competitive tariff. Parliament lays down what information the board is required to get before permitting these tariffs to be continued in effect. It seems to me that this may work great hardship on the railways, particularly in the central provinces, where competition from other forms of transportation is growing daily. I recognize that the railways have established many competitive rates in the central provinces to meet this competition. In each case they have had to file tariffs and go before the Board of Transport Commissioners in order to put these rates into effect or to continue them in effect; and it seems to me that they should be left free to file competitive tariffs and to meet this competition, and not be handicapped by the conditions which are laid down in the bill before us. If parliament says "the board may require", that provision will certainly be taken advantage of when counsel appear before the board to oppose some of the competitive rates which the railways will file.

I am pleased that we are going to have an opportunity of hearing witnesses before the committee tomorrow. I have been considerably impressed by some of the remarks made by the provincial representatives who have already appeared before us, but it seems to me that representatives from the technical

branch of the Board of Transport Commissioners could provide us with our most valuable evidence. They have been dealing with these problems all along, and I am sure they could throw some light on many of the questions which have been raised during this debate.

Some Hon. Senators: Hear, hear.

Hon. F. W. Gershaw: Honourable senators, I want to refer briefly to one point which has not been touched upon today. We in Alberta look upon this legislation as a notable victory, because we feel that for the past thirty or forty years we have been working under a distinct disadvantage in so far as freight rates are concerned.

Let us take, for example, the important item of canned goods. The rate on 100 pounds of canned goods from, say, Aylmer to Vancouver, is $1.57, and from Aylmer to Calgary or Edmonton it is $3.23. There is a great difference in these rates. Under this present freight rate structure a person can ship a 70,000 carload of canned goods from from Aylmer to Vancouver for $1.57 per 100 pounds, and then ship them back to Calgary or Edmonton for $1.40 per 100 pounds. This creates a rate of $2.97, which is less than the $3.23 rate from Aylmer to Calgary or Edmonton. The one and one-third provision in the bill before us removes this discrimination, and for this reason we feel that this legislation is of great importance. The Turgeon Commission, in which we have a great deal of confidence, spent a lot of time working this matter out. Representatives from Alberta and Saskatchewan have endorsed this legislation pretty much as it now stands, and I am hopeful that it will pass in its present form, because it will be of the utmost benefit to the people of Alberta, in that it will relieve them of the discrimination under which they have suffered for so long.

Some Hon. Senators: Hear, hear.

Hon. Mr. Quinn: Honourable senators, I I just want to say a few words with reference to the observation about the Maritime Freight Rates Act, which was made by the honourable gentleman from Toronto (Hon. Mr. Campbell). I would judge from his remarks that he is not quite familiar with the reasons for the enactment of that legislation. The purposes of the Maritime freight rates were thoroughly outlined in this house the other day, and in this connection I would refer my honourable friend from Toronto to the recent speech of our honourable colleague from Margaree Forks (Hon. Mr. MacLennan).

Hon. Mr. Campbell: My observation was that the amendment to this bill which excludes the Maritimes so far as the new rate basis is concerned, is capable of a broader interpretation than I think was intended. I am quite aware of the purpose of the Maritime freight rate legislation.

Hon. A. K. Hugessen: Honourable senators, I do not intend to delay the house for long, but as Chairman of the Committee on Transport and Communications I think perhaps I should say a word or two about this legislation. As has been said several times this afternoon, this legislation is of vital importance to every section of the country, and so I should like to reiterate the invitation extended by the honourable leader opposite (Hon. Mr. Haig) to all non-members of the Transport Committee to attend the meetings of that committee when it is dealing with Bill 12. If I may be permitted to say so, the next meeting of that committee will commence at 10.30 tomorrow morning.

Honourable senators will recall that at the opening of this session a rather unusual course was adopted in setting up the Committee on Transport and Communications for the purpose of giving preliminary consideration to the Turgeon Commission report and to certain bills which at that time were before the other place but not officially before us. The Committee on Transport has held a number of meetings, and I think the wisdom of the course taken at the commencement of this session has become most apparent. I think all members of the committee will agree that as a result of the meetings we have held during the past two or three weeks we have already obtained a large background of useful information, and on the basis of this information we shall have a clearer understanding of the bill. May I say that the general impression created by the meetings is that this is a subject of tremendous complexity.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Hugessen: As a civilian in matters of freight rate structure, so to speak, I for one had no idea of what an extraordinary number of different kinds of rates existed in this country, or of the reasons for which these rates exist.

Perhaps honourable senators will be interested in knowing who has appeared before and have been heard by the committee. In the first instance we heard the counsel for the Maritime Provinces, and I am second to no one in my admiration for the manner in which he presented his case. As has already been said today, it was as a result of his

capable representation that an amendment exempting the Maritimes from the operation of the proposed legislation, was introduced into the original bill. The committee then heard counsel for Manitoba, Saskatchewan, Alberta and British Columbia, and counsel for the city of Winnipeg. It also heard counsel for the C.P.R., who gave an exceedingly lucid exposition of the viewpoint of his company. But the evidence we have had so far is incomplete; for instance we have not had any evidence from the Department of Transport. I completely agree with the honourable senator from Toronto that we should have evidence from the experts of that department, and I shall undertake to see that it is provided for us. Nevertheless, even from the incomplete evidence so far produced before the committee, I think it is clear that there are a number of points of considerable difficulty and, indeed, in certain cases, of really acrimonious dispute, which have not been settled and remain for consideration.

Now, it is not my intention at this stage—and, indeed, perhaps it would be inappropriate for me, as chairman of the committee—to enter into any of the reasons which have been advanced in opposition to certain sections of the bill as it now stands. But as an indication of the difficulty and the complexity and of the very divergent views which exist, may I refer to the section which has been discussed to some extent here this afternoon, namely, section 332B, which provides for the one-and-one-third rule in transcontinental competitive rates. That section was strenuously endorsed by counsel for the province of Alberta, which province, I think it is only fair to say, would stand to gain the lions share of any benefit that may come from the passing of the section. It was endorsed in a somewhat more moderate degree by counsel for the province of Saskatchewan, part of which, as was pointed out this afternoon, would stand to gain from the section, and part of which would not. On the other hand, it was most strenuously opposed by counsel for the Province of British Columbia, by counsel for the Province of Manitoba, by counsel for the City of Winnipeg and by counsel for the Canadian Pacific Railway.

Now, as I say, I do not want to go into the merits of that dispute in any way, but I do suggest to the Senate that in the consideration which we give to these proposals in committee, and particularly to the proposals which have roused such vigorous controversy, the Senate should feel itself absolutely free to decide one way or the other as to what it thinks would be the best solution. And I am quite sure that the members of the committee, after taking into consideration all the representations that are made on all sides, will reach a conclusion that ultimately will be brought back to this house for its approval.

Hon. Mr. Farris: May I ask my honourable friend a question? Was that one-and-one-third rate recommended by the Turgeon Commission?

Hon. Mr. Hugessen: Yes, it was. I am unable to refer my honourable friend to the pertinent pages in the report, but it was recommended by the commission.

Hon. Mr. Haig: May I interrupt for a moment? I think that, in fairness to the honourable senator from Vancouver South (Hon. Mr. Farris), it should be said that the proposal was introduced by the commission itself, and was never urged by anybody in argument before the commission.

Hon. Mr. Hugessen: I think that is substantially so.

Hon. Mr. Haig: I asked about that from both sides, and that is the answer I got.

Hon. Mr. Hugessen: I would suggest that when the committee reports the bill back to the house it would perhaps be advantageous for us to consider the bill section by section in Committee of the Whole. Every member of the house would then have a chance to express his view clearly on each of the sections, some of which, as has been said, are of the very greatest importance.

I am sorry to have detained the house for so long.

Hon. Mr. Reid: Honourable senators, in view of the importance of many of the statements which have been made this afternoon, I move adjournment of the debate.

Hon. Mr. Hugessen: We are getting near the end of the session, and I fear that we shall have to spend quite a number of days in committee on this bill. In these circumstances would my honourable friend not see fit to continue the debate now?

Hon. Mr. Reid: It is not our responsibility that this important measure has come to us in the closing days of the session. I wish to get some information to challenge certain important statements that have been made

here this afternoon. Only the other day the leader of the government (Hon. Mr. Robertson), in replying to some of my remarks, pointed out the importance of speeches emanating from the Senate. Now I at least am not going to allow some of the statements made here this afternoon to go unchallenged, and I think that the importance of the bill warrants my asking for adjournment of the debate in order that I may procure some information.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, December 5, 1951

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

Prayers and routine proceedings.

PUBLIC PRINTING AND STATIONERY BILL

FIRST READING

A message was received from the House of Commons with Bill 24, an Act to amend the Public Printing and Stationery Act.

The bill was read the first time.

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

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

SUPREME COURT BILL

FIRST READING

A message was received from the House of Commons with Bill 30, an Act to amend the Supreme Court Act.

The bill was read the first time.

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

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

EXCHEQUER COURT BILL

FIRST READING

A message was received from the House of Commons with Bill 31, an Act to amend the Exchequer Court Act.

The bill was read the first time.

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

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

REVISED STATUTES BILL

FIRST READING

A message was received from the House of Commons with Bill 32, an Act to amend an Act respecting the Revised Statutes of Canada.

The bill was read the first time.

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

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

CANADIAN NATIONAL—CANADIAN PACIFIC BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill 6, an Act to amend The Canadian National—Canadian Pacific Act, 1933.

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

The Standing Committee on Transport and Communications, to whom was referred Bill 6, an Act to amend the Canadian National-Canadian Pacific Act, 1933, have in obedience to the order of reference of December 4, 1951, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

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

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

MARITIME FREIGHT RATES BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill 7, an Act to amend the Maritime Freight Rates Act.

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

The Standing Committee on Transport and Communications, to whom was refered Bill 7, an Act to amend the Maritime Freight Rates Act, have in obedience to the order of reference of December 4, 1951, examined the said bill and now beg to report the same without any amendment.

THIRD READING

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

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

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

CANADA-UNITED STATES OF AMERICA TAX CONVENTION BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill 28, an Act to amend an Act to amend the Canada-United States of America Tax Convention Act, 1944.

He said: Honourable senators, in June of last year parliament passed an Act amending an original tax convention which had

been made between the United States and Canada and modifying and supplementing certain provisions of that convention. Subsequently the convention came before the United States Senate for ratification, and in the protocol of exchange for the ratification of the modifying and additional provisions, the Senate made one reservation. The Canadian authorities accepted that reservation, and that is the reason why this bill is before us.

This reservation has to do with Article VII which, as contained in the bill passed last year to ratify the amending convention, dealt with the matter of a Canadian resident performing personal services in the United States. According to the convention that was ratified, if this person in his capacity as an employee or officer of a limited company or some other Canadian entity, or as an employee of a resident of Canada, performed personal services in the United States for a period of not more than 183 days, his salary for such services would not be subject to income tax in the United States. Another provision in the convention was to the effect that other personal services rendered by a Canadian within the same time limit would not subject him to income tax in the United States if his salary in respect to those services did not exceed $5,000. The convention which was ratified in June of last year carried the following exception:

> The provisions of paragraph 1 (a) of this Article shall have no application to the professional earnings of such individuals as actors, artists, musicians, and professional athletes.

The United States Senate took the position that this was discriminatory—that there was no reason why these people should be singled out and put in a separate category—and therefore made a reservation in the protocol of exchange which would eliminate this exception. As a result, actors, artists, musicians, and professional athletes are now included among those persons rendering personal services in the United States who—if they do not spend more than 183 days in one year in the United States, and their individual incomes from these services do not exceed $5,000—are not subject to income tax in that country. This provision operates in reverse, so that a United States resident performing such services in Canada would not in those circumstances be subject to Canadian income tax. In each case, however, the person performing these services would be subject to income tax according to the law of his own country.

Hon. Mr. Farris: If the income is more than $5,000, is the person taxed on the whole income or just on the amount in excess of $5,000?

Hon. Mr. Hayden: If the income is more than $5,000 he is taxed on the full amount.

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

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

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

CANADIAN FORCES BILL

COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill 21, an Act respecting the Canadian Forces.

Hon. Salter A. Hayden moved concurrence in the amendments made by the committee.

He said: Honourable senators, the amendments proposed in the committee's report look very formidable; they certainly are bulky; but there is a principle behind them all. The bill in the form in which it came before us proposed that various sections of various statutes of Canada be amended by the deletion or the addition of certain words. Now, the practice which prevails when legislation is being amended, and the preferred practice, is first to repeal the section that is being amended and then re-enact it in its amended form. So when we were considering this bill and found that the amendments were made in the way I have described, we simply struck them out and substituted sections which conform to the preferred practice. As a result, anyone referring to the legislation later on will not need to juggle half a dozen books on his knees while he tries to find out what the final form of the legislation is, but will have this information right before him in the one statute.

Hon. Mr. Haig: Honourable senators, may I add just a word? It is my hope that in future when the Law Officers of the Crown are drafting bills for amendment of statutes they will profit from what the Senate has done in this case. Our committee's amendments to this bill will, as my honourable friend has just said, enable anyone—the layman as well as the practising barrister—to find out from one statute just what amendments have been made to all the other statutes concerned.

The motion was agreed to.

THIRD READING

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

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

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

RAILWAY BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill 12, an Act to amend the Railway Act.

Hon. Thomas Reid: Honourable senators, my chief reason for adjourning the debate yesterday afternoon was that I felt that certain remarks made by the senator from Calgary (Hon. Mr. Ross) should not go long unchallenged.

I agree with previous speakers who have said that the freight rates question is one of the most complicated ever to come before parliament. No one, I imagine, is more aware of its complexity than the senator from De Lorimier (Hon. Mr. Vien), who for five years was Deputy Chief Commissioner of the Board of Railway Commissioners, as the Board of Transport Commissioners was then known. After having given some study to Bill 12 and listened to evidence given us before the Transport and Communications Committee, I seriously doubt if any member of the Senate or of the other house realizes all the implications and intricacies of the present freight rates structure. If you look at the bill you will note that it mentions, for instance, class rates, commodity rates and competitive rates, and that on top of those there are first class double rates, second class double rates, first class treble rates and so on. We in British Columbia have not been able to understand why, for instance, cast iron pipe coming from the East is shipped at the fifth class rate, while lumber is shipped tenth class.

Ever since I have been in parliament I have realized that parliament is not the place to argue the complicated question of freight rates. All one can do is is mention a few cases. I am one however who is not enamoured of royal commissions. It is my opinion that since confederation governments have used this device, and that whenever criticism has become so severe that the government of the day has felt that something had to be done it has generally speaking set up a royal commission. I challenge any honourable senator to tell me of any great changes or benefits that have accrued from any royal commission which has sat in Canada since confederation. There may have been some, but I doubt it.

I would emphasize the fact that this bill, with all its complicated and far-reaching effects, comes to us in the dying days of the session, and may be passed without any member knowing its full impact on railway law or freight rates. Whilst we are in favour of equalization of freight rates, I think it must be frankly admitted that this bill will not bring about that result. Indeed, by reason of a directive contained in section 332B—and which might very well work to the disadvantage of some provinces—it is only going to tie the hands of the Board of Transport Commissioners, and discriminate against British Columbia.

The Senate was set up to perform certain duties, among them being the duty of protecting the rights of the provinces. With this bill before us the situation is somewhat unusual, as only eight of the ten provinces are vitally interested in the freight rate structure. Ontario and Quebec have had low rates that have been the envy of the other provinces, who naturally have asked for like treatment.

It should be pointed out here, that it is not the practice to bring in amendments to the Railway Act every session. I fear, therefore, that if any injustice or hardship should result from the passage of this measure, it might be a long time before amendments would be brought in to correct them. So I say most emphatically again honourable senators, that this bill will not provide freight rate equalization.

While I do not wish to labour the question this afternoon, I would point out that British Columbia has spent huge sums of money in appearing before the Board of Transport Commissioners—previously the Board of Railway Commissioners—seeking equalization, but without success. This bill certainly does not equalize grain rates. One or two pertinent facts should, I think, be placed before this honourable chamber to support the contention of the people of British Columbia that they have received unjust treatment. We in that province have never complained about the help given by way of subsidy to the Maritime Provinces when we were carrying a much heavier freight rate burden, and that without any subsidy. I have noted that many members of parliament—I hope there are no senators among them—have the idea that the railway has to climb up over the mountain to reach the west coast of British Columbia, and that this is the cause of the high freight rate. That is far from the truth. The facts are that the Canadian Pacific has, over the

mountains, a grade of 2·2 per cent; formerly it was more than four per cent. The C.P.R., being the first railway to cross British Columbia, did so with, it is true, some difficulties. But in the light of evidence which I have before me as to the construction and operation costs in other parts of Canada, those difficulties have been greatly magnified. It may surprise some honourable senators to know that the costs of construction, and later the costs of maintenance, of the C.P.R. through British Columbia, have been less than in some other parts of Canada. This evidence has been given before the Board of Transport Commissioners many times and on numerous occasions. We in British Columbia have not had full advantage of the Canadian National facilities, a road which has as low a grade as one-half of one per cent from Edmonton to New Westminster and Vancouver. I should like to know of any other part of Canada that has a comparable low grade. But the C.P.R. has been the yardstick in rate-making. It is a well-known fact that the C.N.R. can haul three times as many cars as can the C.P.R. with a comparable type of locomotive. We accept the fact that the C.P.R. must use what is known as "pusher" engines on certain grades going into and out of British Columbia.

At a hearing before the board in 1949, one of the commissioners gave some figures by way of comparing costs throughout Canada generally. From British Columbia's point of view they are most interesting. I quote:

> In this respect Exhibit 96 shows that district costs per thousand gross ton-miles, five-year average 1943-47, were: British Columbia, $4.02, Alberta, $3.28, Saskatchewan, $3.34, Manitoba, $2.48, Algoma, $3.03, Ontario, $3.76, Quebec, $5.27, New Brunswick, $4.95, Quebec Central Railway, $8.14, and Dominion Atlantic Railway, $8.08. If it be accepted that such data are a reasonably accurate measuring of costs in the various districts, then, from a cost standpoint only, rates should be highest in Quebec Central Railway district and lowest in Manitoba district.

A little later the commissioner said this:

> It will be readily apparent that costs by themselves do not determine the profitableness or unprofitableness of a transportation service. Costs must be considered in relation to revenues. Exhibit 94 indicates that average revenues per thousand gross ton-miles by regions, for the twelve months ending October 31, 1948, were: Pacific, $5.54; Prairie, $4.16; Eastern, $5.58 and All Lines, $4.94.
>
> The average earnings per thousand gross tons were therefore $1.38 higher in the British Columbia region than in the prairie region; only four cents less than in the Eastern region, and sixty cents greater than the average of All Lines.

One could extend remarks along this line over the whole afternoon, but I am not going to do so. I merely bring these few figures before the Senate to show that we in British Columbia have been, shall I say, misrepresented, even in parliament, by briefs purporting to show that maintenance and other costs are greater in British Columbia than in other parts of Canada. I do not suppose that we shall ever get equalization.

One of the bones of contention has to do with rates on the carriage of grain, and I want to reply to what the honourable senator from Calgary (Hon. Mr. Ross) said as regards grain and grain subsidies. I know he will find these remarks interesting, and I believe he will get some surprises, because I have had time to dig up some very fascinating figures. For example, a train carrying grain leaves Calgary or Edmonton for British Columbia. The grain in one car is charged at the rate of 20 cents per hundred pounds; the grain in the car behind, until a few years ago, was charged 41½ cents per hundred pounds. This charge has been reduced to 36 cents, but there is now before the board an application by the railways to restore the rate to 41½ cents. We in British Columbia could never understand why grain transported in two cars pulled by the same engine over the same track and handled by the same number of crew or crews, should be subjected to a charge of twice as much in the car consigned to British Columbia as in the car going to our competitors or to other people abroad. I might point out to the honourable senator from Calgary that we were for many years at a disadvantage, particularly in the British market, because certain of our products were undersold by foreign exporters, particularly Swedes and Norwegians, by reason of the fact that they could obtain Canadian grain more cheaply than we in British Columbia could get it. It is evident also that our idea of equality of freight rates is different from that of the Board of Transport Commissioners, whose rulings have proved very prejudicial to us over the years. I could quote extensively from various findings, but I will read only one small paragraph to demonstrate the conflict of views between the board and the ordinary citizen of British Columbia. It is stated in the Grain Rates case, at page 109:

> Discrimination may or may not fall within the provisions of the Act. The Act as it has always been interpreted by the board only forbids discrimination when it is undue and unreasonable. Mere mileage comparisons do not afford criteria of discrimination. All facts material must be given weight.

The Board of Transport Commissioners in its findings has always maintained that, under the Railway Act, discrimination is allowable; and when complaint is made of "unjust" discrimination, of course the board disagrees with the representatives of the general public who appear before them. They are told "What you are complaining of is not unjust discrimination. It may be discrimination, but it is not unjust."

My own idea, which I think I share with the general public, is that freight rates should be equal across Canada. It costs no more to haul goods one hundred or five hundred miles in British Columbia than to move them the same distance in the Maritimes, the prairies or the eastern provinces. It is my opinion that in this matter the hands of the railways will yet be forced by trucking competition. The trucker knows nothing of different classes of rates; all he asks you is what amount you have to haul, and the mileage, and he hauls it at a set price.

As regards the present bill, it is my considered opinion that it will not bring about equality of freight rates, and that equality will never be achieved so long as continental rates and competitive rates to the coast, that are higher than they are to the East or to the prairies, or in Ontario or Quebec.

Hon. Mr. Vien: Do I understand the honourable senator to urge that all transcontinental competitive rates should be completely eliminated?

Hon. Mr. Reid: No. I am not going into that kind of an argument just now,—

Hon. Mr. Vien: Well, I do not understand him.

Hon. Mr. Reid: —because that matter is rather involved. All we are asking is that the same rates be put into effect in our province as apply elsewhere. One of the difficulties we have had with the railways—as perhaps the honourable senator from De Lorimier (Hon. Mr. Vien) knows better than anyone here—relates to this matter of costs. I recall that Mr. Flintoft, at one time chief counsel for the C.P.R., stated under oath that it was not possible for his company to tell the board what it cost to haul any article; and that, specifically, they did not know the cost of hauling grain. We contended, and the statement was not disputed by the railway interests, that the company made money on the rates charged on grain for export, and we wanted to know why grain for domestic use was not entitled to the same low scale of charges as grain for export.

Hon. Mr. Vien: Does the honourable senator agree with the statement that it is impossible accurately to determine the exact cost of moving one ton of any particular commodity one mile?

Hon. Mr. Reid: To speak frankly, I was always very sceptical about the answers we got on that point. One reason for suspicion is the reluctance of the railway companies to be pinned down to a statement on whether the hauling of grain, or any other article, is or is not profitable. It was stated openly at the time, before the board and elsewhere, that it was impossible for anyone to speak with accuracy on this matter of costs.

Hon. Mr. Vien: I prefer not to interfere with my honourable friend's submission, but the reason given for that statement was that there are so many items which can be distributed only arbitrarily: for instance, overhead fixed charges, and general expenses, which cannot be accurately determined and pinned down to one particular unit of trade.

Hon. Mr. Reid: If I may give the honourable senator one illustration, I think it will show very clearly why we feel that we are unjustly dealt with. Grain moving west to Vancouver for domestic use, and travelling 765 miles over Canadian National Railway lines, cost us for freight 41½ cents per hundred pounds. Yet that same grain, or similar grain, can be moved three thousand miles, from Calgary to Halifax, for 43 cents per hundred pounds. Is there any reason why so high a charge should be made on so much shorter a distance? The train crew changes, I believe, every hundred miles.

Hon. Mr. Horner: One hundred and fifty.

Hon. Mr. Reid: It is one hundred and fifty miles? Consider the number of changes of crew over the longer haul and the expense of running that carload of grain from Calgary to Halifax; compare that with the cost of transportation to the B.C. coast over the half-of-one-per-cent grade to New Westminster or Vancouver; then contrast the rate of 43 cents per hundred to Halifax with the price of 41½ cents to the west coast. Will any honourable senator attempt to defend such a disparity? All we are asking for is equality in the matter of costs. I challenge the railroads to deny that on the 20 cents export rate they are, and were, making money. They did not deny it. I told them that if it paid them to haul grain for export at 20 cents per hundred pounds, we in British Columbia should get the same rate, and that we objected to having to pay as much for freight to Vancouver or New Westminster as is paid for the much longer haul—1,180 miles, I think—to Fort William.

Hon. Mr. Howden: Does the honourable senator really believe that the railways could give an equal rate all across Canada? I understand that in the central provinces the railway rate is non-remunerative. Well, if they are going to apply non-remunerative rates all across the country they might as well discontinue the railways.

Hon. Mr. Reid: You heard the honourable senator from De Lorimier (Hon. Mr. Vien)

ask me a few moments ago if I agreed that it was impossible for the railway companies to tell whether a rate paid or not. Well, if they cannot tell whether a rate pays or not, how can it be said that any rate is non-remunerative?

Hon. Mr. Hayden: We are told that investigations show that the rate in the central provinces is non-remunerative because of truck competition. The railways have to meet that competition and from the railway standpoint this is non-remunerative.

Hon. Mr. Reid: One must admit that volume of traffic and other factors enter into the price the railway companies charge for hauling goods, but I refer again to the question asked a little while ago about the railways not being able to tell whether a rate is paying or not.

Hon. Mr. Vien: I do not believe that is what I said. I did not say that the railway companies could not determine whether a movement of traffic under a certain rate was paying or losing. They can do this, but they cannot accurately give the exact cost of moving one ton of any particular commodity one mile. To determine whether a railway carries traffic at a loss or at a profit, and to give accurate figures for moving one ton of a particular commodity one mile are two entirely different matters. There are too many factors that have to be arbitrarily adjusted and determined.

Hon. Mr. Reid: I can well understand that on many small articles it might be extremely difficult, if not impossible, for a railway company to determine whether a rate is paying or not, but I do not think it should be so difficult for them to determine this in relation to a product such as grain, where millions of bushels are shipped both east and west.

Hon. Mr. Roebuck: While figures of that kind cannot be obtained with absolute accuracy, can they not be obtained with sufficient accuracy for practical purposes?

Hon. Mr. Reid: We believe they can be, and that is why we argued that if the rate of 20 cents on export grain shipped to British Columbia was profitable, there was no reason why they should charge us twice as much for hauling domestic grain to British Columbia. We got no answer to that.

I turn now to section 332B. After listening to the representations made by the legal counsel for the province of British Columbia, as one who comes from that province, I feel that I must oppose this section. I should like to point out to those who have spoken on behalf of the province of Alberta that they make sure that they are going to receive the benefits they anticipate under this legislation. We believe, rightly or wrongly, that if section 332B goes through, the transcontinental rates to the coast will disappear and the rates in Alberta will increase. We could argue pro and con on this all day, of course, but I am only giving my opinion after listening carefully to what was said in committee. Naturally the representatives from British Columbia hold no brief for Alberta, but they point out that if the present rate on canned goods to the coast is done away with, the rate to Alberta also will be increased.

I should like to take a few minutes to deal with some statements made by the honourable senator from Calgary (Hon. Mr. Ross). May I say to him in all kindliness that I really was surprised to hear him, having been brought up a Liberal, talk about socialization or nationalization of our railways? Those of us who know a little about the Old Country are well aware that the railways in Great Britain deteriorated when they were taken over by the government of that country. During the last war I had the honour of being appointed to what was known as the War Expenditures Committee, whose duty it was to inspect both privately-owned and government-owned armament plants and shipbuilding yards. It is on record that the privately-owned plants turned out products far cheaper and far quicker than any state-owned or state-managed plant. In my opinion, nationalization or socialization of railways will not begin to solve our railway problems. I do not know what position the CCF now takes in this matter, but I well remember the present leader of that party advocating the nationalization of both railways, and so I was really surprised to read that counsel from Saskatchewan opposed such action. I am just wondering why the change in policy. I am glad if that province has seen the light; it was certainly interesting to hear counsel for Saskatchewan come out openly in opposition to the unification or nationalization of the two railways. Then, too, I maintain that even though this should come about it would not solve the railway problems. To my mind one of the factors that has kept the government-owned railway up to its high level of service has been the competition of the C.P.R.; and the C.N.R. has had a like influence on the C.P.R. That is the way I see it. But just amalgamate those railways under state ownership, and I say "God help us."

Some Hon. Senators: Hear, hear.

Hon. Mr. Reid: I wish to refer now to some other statements made by the honourable senator from Calgary. He dealt with the

subsidies paid on the eastward and westward movement of feed grains from the Prairie Provinces for consumption in other provinces. In a moment or so I intend to place some interesting figures on this before the Senate, but first let me say that I disagree entirely with his statement that the subsidies on feed grain have not helped the Prairie farmers. The elevators are bursting with grain today. As I pointed out in an earlier speech, it cost me almost $4 for a 100-pound sack of wheat of a grade which before the war would have been burned by the farmers. Now, where would they find a market for that inferior wheat if it were not shipped for feed purposes to the other provinces? I can readily understand that there is a very large market for milling wheat of good quality, but these feed grains are not suitable for direct human consumption.

Hon. Mr. Ross: Why not subsidize us, as the West and East are subsidized?

Hon. Mr. Reid: Would my honourable friend wait till he hears the figures that I have here showing what has been paid to the Prairie Provinces in subsidies? After that, if he wishes to make any comment I shall be glad to listen to it. From his remarks of yesterday some people might infer that all subsidies were being paid for the benefit of British Columbia and the eastern provinces, and that the poor prairies were being, I will not say victimized, but hard done by, because not only are the farmers on the prairies taxed to maintain these subsidies, but grain produced in British Columbia and the eastern provinces competes with products of the prairies.

Let us see what the subsidies to the Prairie Provinces have amounted to. One of my reasons for adjourning the debate yesterday afternoon was that I thought we might as well have this information on the record the day after my honourable friend's speech. The total amount of the subsidies paid out by the federal government from October 1941 to October 1951 on feed grains shipped from the Prairie Provinces to British Columbia, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, was $161,740,000. That is a lot of money.

Hon. Mr. Euler: Was that only on feed grains?

Hon. Mr. Reid: Only on feed grains. They would include wheat, oats, barley and rye.

Hon. Mr. Euler: I thought perhaps the subsidies paid on shipments of Alberta coal to Ontario might be included.

Hon. Mr. Reid: No. That is another matter.

Hon. Mr. Ross: How much of that was paid to the Prairie Provinces by way of subsidy?

Hon. Mr. Reid: All that assistance was given for the hauling of grains. None of it was paid to the Prairie Provinces, but—and this is the important point—those provinces found a market for 54,087,172 bushels which otherwise they might not have been able to sell, and therefore the price of grains in the three Prairie Provinces themselves was raised.

Hon. Mr. Crerar: Now may I ask my honourable friend a question?

Hon. Mr. Reid: Yes.

Hon. Mr. Crerar: Is he really serious in suggesting that the Prairie Provinces could not have found a market for those feed grains without these enormous subsidies?

Hon. Mr. Reid: I wish I had the time to go into this question of assistance to the Prairies, because—if I may digress for a moment—one of the things that have surprised me this session is the attitude of prairie senators and members of the other house towards price control. They are all against it, yet in the Prairie Provinces there is a really strong price fixing system. At present I, as an individual, cannot purchase feed grain, for instance, from an individual farmer in Alberta or Saskatchewan, and for any grains that I do obtain the price is fixed as it never was before. I am wondering how Liberals who express themselves as opposed to price controls can say that a system like that is all right for the prairies.

Now I will get back to the assistance that the prairies have received. That assistance has been paid under the following heads: Prairie Farm Income, Prairie Farm Assistance Payments—and, to prevent anyone from jumping to a wrong conclusion, I will point out here that I have been careful in my figures, and so have deducted the one per cent refund made by the farmers on Prairie Farm Assistance. I will not go into all the other subsidies, or the subvention on coal which the senator from Waterloo (Hon. Mr. Euler) mentioned a few moments ago.

Hon. Mr. Crerar: I dislike interrupting a speaker, but may I ask my honourable friend another question, so that I may be clear on the point? Does he contend that these freight subsidies were paid to the coarse grain farmers of Western Canada?

Hon. Mr. Reid: No. The subsidies were paid to encourage farmers in British Columbia, Ontario and the provinces to the east, including Newfoundland, who use these feed grains.

Hon. Mr. Crerar: In fact, the subsidies were for the benefit of the feeders, the users of the coarse grains in British Columbia and the eastern provinces?

Hon. Mr. Reid: I have just said that.

Hon. Mr. McDonald: Through lower freight rates.

Hon. Mr. Reid: Yes. But the subsidies are twofold. On the one hand, they help the poultry farmers and the dairy farmers in British Columbia and the central and eastern provinces, and make it easier for them to stay on the farm; on the other hand, they help the Prairie Provinces by providing a market for grains, particularly wheat, of a poor grade, which grains are used to good advantage in British Columbia, Ontario and the other provinces. The advantage is not all one-sided, by any means.

Hon. Mr. Lambert: May I ask my honourable friend a question? Perhaps he has already answered it, in effect. Does he assume that through the subsidy to the railways there was provided in British Columbia, Ontario, Quebec, and the eastern provinces a market for feed grains that would not have been secured elsewhere?

Hon. Mr. Reid: Yes, that is right.

Hon. Mr. Lambert: I think, if I may say so, that he is fundamentally incorrect in his assumption.

Hon. Mr. Reid: Then we can agree to differ.

Hon. Mr. Lambert: I do not wish to interrupt unnecessarily, but I believe that if the honourable gentleman would analyse the situation a little more fully he would find that every one of the bushels sent from the prairies to the other provinces under subsidy represented a sacrifice in price to the prairie farmers.

Hon. Mr. Crerar: Hear, hear.

Hon. Mr. Reid: Whether or not they made a sacrifice is again a matter of opinion.

Hon. Mr. Lambert: It has been proved.

Hon. Mr. Reid: I hope that someone will deal with that problem this afternoon.

Hon. Mr. Crerar: I promise my friend that this will be the last interruption I will make.

Hon. Mr. Reid: That is all right with me.

Hon. Mr. Crerar: Does my friend not recall that for several years prairie farmers who grew feed grains were denied an outlet in the American market in order that British Columbia and Ontario might be supplied, and that that denial resulted in a severe loss to the producers?

Hon. Mr. McDonald: And during the war years.

Hon. Mr. Reid: That does not seem to detract from or contradict anything I have said.

Hon. Mr. Ross: I would also like to suggest to the honourable gentleman that in circumstances where we have a surplus of an export product, such as grain, the foreign market fixes the price of the product, and that a portion of it which is sold for feed purposes in Canada does not increase the price by one cent to the prairie farmer. Furthermore, I want to say to my friend that his province is not only importing grain; the eastern farmers are importing cattle to which the grain will be fed. Give us on the prairie a subsidy and we will feed the cattle, ship them direct to the market, and avoid the double shipping costs on grain and cattle.

Hon. Mr. Reid: We will do the same, if you will be liberal and give us a free market.

Hon. Mr. Duff: Atta boy!

Hon. Mr. Reid: But do not prohibit us from buying by reason of the high price.

Hon. Mr. Duff: There must be a lot of Tories here.

Hon. Mr. Reid: In the same years, 1941-50, the wheat acreage reduction subsidy amounted to $86,388,000. There was no neglect there.

Hon. Mr. Barbour: Was that to all the provinces in Canada?

Hon. Mr. Reid: That was to three provinces, Manitoba, Saskatchewan and Alberta. Through Prairie Farm Assistance the farmers received $111,453,000, and as Prairie Farm Rehabilitation they got $19,928,000. Those three items total $217,769,000. From that amount I deduct the one per cent paid back by the farmers, estimated to be close to $25 million. It is interesting to note, in fairness to the provinces, that the payments made by Manitoba far exceed those paid by the other two provinces.

Hon. Mr. Howden: Does my friend mean the amount paid to Manitoba?

Hon. Mr. Reid: No; the payments made by the farmers in Manitoba.

Hon. Mr. Horner: To what year does my friend refer when he speaks of the payment of one per cent by the farmers?

Hon. Mr. Reid: I have before me all the years from 1940 to 1950, but I am not sure exactly what year the one per cent payments under the Prairie Farm Assistance Act started.

Hon. Mr. Horner: Many years ago.

Hon. Mr. Reid: Yes, they started many years ago; and Manitoba stands high in payments to the government.

Hon. Mr. Horner: There must be some mistake in your figures, because Saskatchewan has always produced more wheat and other grain than Manitoba.

Hon. Mr. Reid: There are the official figures, and I assure you there is no mistake in my quoting of them.

I now come back to the bill. For my part I should like to see the measure set over for a time, though I have little hope that that will be done. But for the record I should like to say something about the biggest problem the railways face today, that of loss of passenger traffic. I cannot understand why the royal commission had little, if anything, to say about that question. True, some mention was made of passenger fares, but anyone who studies railway problems today knows that the real problem is the loss of traffic. Large and expensive trains are carrying too few passengers. In the year 1940 the railways carried a total of 31,139,092 passengers; in 1950 the total passenger carriage was 21,969,87. The first nine months of 1951 shows 21,917,511 passengers. Over the ten-year period, 1940-1950, there was a drop of 10 million passengers.

Hon. Mr. Hugessen: May I be allowed to interrupt my friend for a moment? I think it only fair to the Turgeon Commission to say that the reason they did not deal particularly with passenger traffic was that under the order in council by which they were set up their attention was particularly directed to matters of freight traffic.

Hon. Mr. Reid: I am glad my friend mentioned that point, because I have a question to ask about it. I notice that the order in council, P.C. 6033, differs from the order setting up the commission. It will be observed that the order in council commences with clauses 1 and 2, followed by paragraphs (a), (b), (c), (d), (e) and (f); then there are three more clauses, 3, 4 and 5. If that order is compared with the order setting up the commission it will be observed that clauses 3, 4 and 5 are left out. Clause 4, which I consider an important one, reads:

> That the commission be further authorized to include in its examination and to report upon all matters which the members of the commission may consider pertinent or relevant to the general scope of the inquiry.

Why, I ask, was that clause omitted?

Hon. Mr. Hugessen: Its omission would perhaps be an additional reason why the commission did not feel called upon to inquire into the question of passenger traffic.

Hon. Mr. Reid: I suppose one should ask this question of the government.

Hon. Mr. Hugessen: The only reason I interrupted was that I did not want the honourable senator's remarks to be taken—and I am sure that he did not intend that they should—as criticism of the commission.

Hon. Mr. Reid: I come back to what I regard as the biggest problem of the railways, the loss of passenger traffic. I noticed in the press the other evening that Donald Gordon, head of the Canadian National, intimated that his organization might go into the trucking business. There is nothing to indicate whether he had in mind a supplementary trucking enterprise or a complementary undertaking. If he is thinking of a supplementary trucking operation, to enable the railways to compete with the trucking companies, then he should also consider going into the bus business.

Hon. Mr. Euler: The railway is in the bus business in some provinces.

Hon. Mr. Reid: Not generally.

Hon. Mr. Euler:. The Canadian Pacific runs buses.

Hon. Mr. Reid: It is a well-known fact that the Canadian Pacific Railway can abandon mileage of tracks much more easily than can the Canadian National. I will tell you why. Immediately it is known that the Canadian National proposes to abandon part of its tracks, representations are made to the government questions are raised in the house, and the matter becomes political; government members will think seriously before they allow the proposal to go through. That, I say, applies particularly to the Canadian National Railways, not to the Canadian Pacific Railway.

Hon. Mr. Euler: Is it not a fact that railways cannot abandon any portion of their tracks without the consent of the Board of Transport Commissioners?

Hon. Mr. Reid: That is true, but when the matter goes before the board it has by then taken on a highly political aspect. I have seen that happen time and time again. I remember a case in point. In or around 1935 a delegation from some part of Ontario came to Ottawa to protest because the Canadian National was about to take off the kind of train which carries passengers, baggage and freight—I think they call it a mixed train. The Honourable Robert Manion, who was then Minister of Railways, asked the delegates, "How did you come here?" Of course all their faces went red, because every one of

them had travelled by motor-car. He said—and rightly—"You have given me the answer as to why the line should be abandoned."

I have not a great deal more to say. I wanted to raise my voice in protest on behalf of British Columbia, and to warn the Senate that on such a complicated question as freight rates, which is a matter that nobody understands thoroughly, we would do well to hesitate and to give the bill a second thought, and perhaps a third one. It was also in my mind that I should not let the honourable senator from Calgary (Hon. Mr. Ross) get away unchallenged with his statements on subsidies and on the socialization of the railways.

Hon. R. B. Horner: Honourable senators, I would like to make a few remarks. The honourable senator from New Westminster complained that the lower overseas rates on grain enabled livestock breeders in Denmark and Sweden to undersell the British Columbia producers on the British market. We who live in the Prairie Provinces had a grievance of somewhat the same kind. We felt that farmers in other parts of Canada, enjoying a milder climate, getting our feedstuffs at very low rates, and less hampered than ourselves by high living costs, were at an undue advantage in the British market. However, I admit that the honourable senator has a just claim for consideration; and I, too, am fearful of any so-called equalization which does not include both Ontario and Quebec. The farmers of British Columbia have at least the advantage of being near the coast. We in Saskatchewan live in the centre of Canada, and what happens to the railways is of greater concern to us than, possibly, any other part of the country. Some British Columbia produce—fruit, for example—can be trucked; but, for the movement of our main crop, namely wheat, we are wholly dependent upon the railroads, and for this reason also our mileage of railroad track is very great.

As regards the honourable senator's reference to the 1 per cent payment, it is likely that the production of grain in Saskatchewan this year will exceed 300 million bushels, as compared with a production for Manitoba of about 50,000,000 bushels. The area of cropped land in Saskatchewan is very large: as a matter of fact our province grows more grain than all the other provinces combined. The statement that Manitoba leads in the aggregate of 1 per cent payments must be wrong, because no farmer in Saskatchewan escapes the charge. I make no complaint about this levy; but in years when our province has a bountiful crop we take care of subsidy payments on behalf of those whose yield is below a certain bushelage.

Hon. Mr. Reid: May I give the honourable senator the official figures used by the Minister of Agriculture, from whose department I obtained them? From Manitoba the total levy collected was $7,282,000, and the total payments amounted to $2,598,000. The percentage paid by the farmers was 280·2. For Saskatchewan the total levy collected was $24,607,000 and the total payments amounted to $94,947,000, the percentage paid by the farmers being 25·9.

Hon. Mr. Horner: You are speaking of percentages?

Hon. Mr. Reid: Yes, percentages.

Hon. Mr. Horner: Now I understand your figures. Manitoba, of course, has a much smaller acreage. We were more fortunate than they were. They did not claim so much because only a few areas of Manitoba produced less than the six to eight bushels which placed them in the position of not being eligible for a subsidy. But the total payments by Saskatchewan are many times greater than those of Manitoba.

Reference has been made to the nationalization of railroads. If this country should become a purely socialistic state, I believe that if there remained any place where a free economy continued to be practised, I would want to move there. In England the railroads have been socialized. I do not like to criticize their institutions; it is not nice for a visitor to be critical; but I think it is correct to say that probably the socialization of the British railroads had as much to do with the recent return of a non-socialist government as any other factor. Imagine the conductor of a train, all dressed up in a braided uniform, asking tips from passengers. As for their method of handling luggage, it is a wonder to me that anybody ever receives what belongs to him. I made this remark to a man I met, and he told me that his wife's trunk, containing a fur coat and her clothes had been stolen, and it was a tremendous job to get compensation for even a small percentage of the value. The baggage cars are open; there is no one there to receive what you put in them; no one is in authority; there is no checking.

Hon. Mr. Euler: That was always the case, long before nationalization.

Hon. Mr. Roebuck: Yes, it was the same under private ownership.

Hon. Mr. Horner: As regards the general management of the railways, it seems to me that, for a country as old as England, there are far too many wrecks.

As far as the Maritime Rates amendments are concerned, all that they mean is that the

rest of Canada will pay the Maritimes a subsidy without knowing exactly what it is for.

As regards our railroad policy, if we should be faced with the danger of nationalization, my advice would be to turn the roads over to the employees, on condition that they pay a small rate of interest on the capital investment: we might then have greater courtesy and greater efficiency. It has always seemed to me that for a country like Canada there is far too much centralization of authority. There is no doubt that both our railways employ capable men, and I think that some of these men should be given greater leeway in the administration of the affairs of the railways. Let me cite an incident in connection with the Canadian National Railways. It will serve to illustrate that as a result of increased freight rates the railways may find a decrease in their revenue. A brewery company at Prince Albert made use of the services of the Canadian National Railways to supply hotels in towns all along the line. When the freight rates were increased the brewery refused to pay them, and went out and bought expensive trucks. Subsequently the railway appealed to the brewery company to use the railway services at the old rate, but the breweries continued to use the vehicles they had bought.

The honourable senator from New Westminster (Hon. Mr. Reid) complained about royal commissions. To my mind the Board of Transport Commissioners is a glorified perpetual royal commission which any government in power uses in order to pass the buck on any question containing political dynamite. There is no justification for this. There are efficient men in the railways and in parliament, so the maintenance of this board is just an added expense.

It has been said that the C.N.R. cannot provide necessary statistics. Well, I had a close association with that railway for some two years, and its officials furnished me with more data than I could use. How did the C.N.R. have such figures available in those days? I know of one case involving a change in a railway crossing that was supposed to go before the board, and to this day the board does not know that this change was made.

Honourable senators, as I said before, I certainly do not believe that the nationalization of our railways is the solution to the railway problems of this country.

Hon. J. P. Howden: Honourable senators, I should hate to think that the honourable gentleman from Blaine Lake (Hon. Mr. Horner) advocates that the C.N.R. should be turned over to its employees and be operated by them. I grew up in Manitoba, and I can vividly remember the old railway monopoly in the West. When the Northern Pacific and other roads came in, feeble demands were made to minimize that monopoly, but the monopoly was never shorn of its importance until the National Railways took over. Competition has brought about the excellent service now rendered by our Canadian railways.

Some Hon. Senators: Hear, hear.

Hon. Mr. Howden: If by any chance the Canadian National Railways fell into the hands of their employees, they would be promptly bought by the C.P.R. and then there would no longer be any railway competition in this country.

Hon. J. W. Stambaugh: Honourable senators, I am at a loss to know why British Columbia should be opposed to Alberta getting a little break from these freight rates.

Hon. Mr. Reid: Let us keep the record straight. I never opposed Alberta getting this.

Hon. Mr. Stambaugh: You are opposed to section 332B, which would give us a break.

Hon. Mr. Reid: That is a different matter. You only think you are going to get it.

Hon. Mr. Stambaugh: Oh, no, the bill provides for that. I do not know any reason why you should set yourself up as a prophet to tell us what is going to happen ten years from now should this legislation go through. You are speaking about paying excessive rates on your domestic grain, and I cannot see why you should have to pay those rates. We in Alberta have endeavoured just as strongly as you have to have those rates removed. We do not want to see you pay that extra rate. A few years ago we joined with British Columbia in trying to get the mountain differential eliminated. We thought you were paying too much, and we were glad to help you out. Last night the honourable senator from Medicine Hat (Hon. Mr. Gershaw) quoted the rate on one hundred pound of canned goods from Aylmer to Vancouver at $1.57, and from Aylmer to Calgary or Edmonton at $3.23. Why should the railways carry that car on through Calgary and over the mountains for less than half the money they would get to take the car off at Calgary, where they could re-load it with grain for Fort William? I am not saying that these rates are going to be just what they should be. They are not equalized, but surely this legislation is going to help equalize them. For instance, on the very point raised by the honourable senator from Medicine Hat, the Vancouver people will still get canned goods at $1.57 per hundred pounds. This legislation will not increase the rate to British Columbia, but it will reduce the rate to Alberta to $2.10. It

gives us a little break, and I do not know why the honourable senator from New Westminster should oppose it. The honourable senator from Winnipeg (Hon. Mr. Haig) is opposing it too.

Hon. Mr. Haig: Let me ask you a question. If you are correct in what you say, will the railways at that rate make a profit operating in the interior of Canada?

Hon. Mr. Stambaugh: I do not know.

Hon. Mr. Haig: They told us in committee that they would not.

Hon. Mr. Stambaugh: I have heard it said that no profit was made on hauling grain under the Crowsnest rate, and yet every year when there is a light crop in the West you will see that their profits go down. I would doubt very much that the railways do not make a profit; but whether they do or not, we have had to pay through the nose to get that Crowsnest rate. The city of Winnipeg profits by water competition, but we in Alberta are not kicking about that.

Hon. Mr. Haig: How do we profit there?

Hon. Mr. Stambaugh: You get your coal from Lake Erie ports via water at 70 cents a ton to Fort William, and you would have to pay much more by rail. We are glad that Winnipeg has that water rate, but what we would like is to have you get your coal from Alberta at the same rate. We do not ask that you should have your rate increased.

Hon. Mr. Haig: We do not use Pennsylvania coal now because it is too expensive.

Hon. Mr. Stambaugh: Coal from Pennsylvania is still in competition with Alberta coal. All you have to do is take a look at one of the Winnipeg newspapers to find that out. As to what the honourable senator from Calgary (Hon. Mr. Ross) said yesterday about amalgamation, he is one of the few Albertans I have met in many years who is in favour of the government taking over the C.P.R. I just cannot figure that out. He also said that the farmers of Alberta have a grievance because of the subvention paid by the government on the shipment of feed grains to farmers in British Columbia, Ontario and provinces to the east. Well, I have attended many of the farmers' conventions that have been held in Alberta during the last five years, and I have never known them to pass a resolution opposing that subvention. We realize that the subsidy, although not large, does provide us with a good market for our coarse grains, and we hope that the government will continue to pay the subvention, so that we may continue shipping our feed grains to British Columbia and Ontario and Quebec.

Hon. Mr. Isnor: And to the Maritimes?

Hon. Mr. Stambaugh: Yes, and to the Maritimes. We are always glad to help the Maritimes, and we are a little surprised that occasionally they do not help us out when we in the west are trying to get something for ourselves. For instance, last summer or fall, when we were getting back a little bit of the money that we had lost on supplying cheap wheat to the Maritimes and Quebec and Ontario, some of our Ontario friends—not many—and a few of our Maritime friends complained about this. We have always tried to help the Maritimes with their freight rate problems, and in turn we should like the Maritimes to give us a little support now and then.

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

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Transport and Communications.

Hon. Mr. Hugessen: Honourable senators, may I remind the house that the Committee on Transport and Communications is meeting immediately after we rise here. I also wish to reiterate the invitation to senators who are not members of the committee to attend that meeting.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, December 6, 1951

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

Prayers and routine proceedings.

TRANSPORT AND COMMUNICATIONS COMMITTEE

PRINTING OF PROCEEDINGS

Hon. Mr. Kinley presented and moved concurrence in the following report of the Standing Committee on Transport and Communications.

The report was read by the Clerk, as follows:

Your Committee recommend that authority be granted for the printing of 300 copies in English and 100 copies in French of the proceedings of the Committee upon the Bill 6, an Act to amend the Canadian National-Canadian Pacific Act, 1933; Bill 7, an Act to amend the Maritime Freight Rates Act, and Bill 12, an Act to amend the Railway Act; and that Rule 100 be suspended in relation to the said printing.

All which is respectfully submitted.

The motion was agreed to.

EXTERNAL RELATIONS

ANNOUNCEMENT

Hon. Mr. Gouin: Honourable senators, with leave of the house, I should like to make an announcement which I think is of special interest to the members of our Committee on External Relations.

Over the past two years I have discussed with several members of our committee—the honourable senator from Ottawa (Hon. Mr. Lambert), the honourable senator from Cariboo (Hon. Mr. Turgeon) and others—the possibility of holding joint meetings with members of the External Affairs Committee of the other house. We have always felt convinced that the Senate is in a position to play a more active and useful part in relation to foreign affairs, and we have been anxious to have the opportunity of hearing the Secretary of State for External Affairs when he presents his annual report, so to speak, to the members of the External Affairs Committee of the other house. For one reason or another such meetings have never been arranged, and during the present session it has been impossible to hear the Secretary of State for External Affairs because of his absence in Europe. However, this morning I received a telephone call from the Parliamentary Assistant to the Secretary of State for External Affairs, Mr. Jean Lesage, who, speaking for himself and, I understand, for the Chairman of the House of Commons Committee on External Affairs, informed me that the Commons Committee will be sitting tonight at 8.30 in room 268 to consider the bill relating to the immunities of the diplomats of the North Atlantic Treaty Organization. He pointed out, of course, that the committee is sitting as a committee of the House of Commons, but that if any members of the Senate, and in particular any members of our Committee on External Relations, would care to be present, they would be quite welcome as observers.

CANADA-UNITED STATES OF AMERICA TAX CONVENTION BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill 28, an Act to amend the Canada-United States of America Tax Convention Act, 1943, and the Canada-United States of America Tax Convention Act, 1944.

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

PUBLIC PRINTING AND STATIONERY BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 24, an Act to amend the Public Printing and Stationery Act.

He said: Honourable senators, the purpose of this bill is to increase from $2 million to $4 million the revolving fund that is established for the purpose of financing operations under the Public Printing and Stationery Act, and to increase from $500 to $1,000 the amount of any purchase that may be made without calling for tenders. Honourable senators are no doubt aware that, within the limits of the public service, the Public Printing and Stationery Bureau operates to a large extent as a production and sales organization. Its grants from parliament do not include anything for the purposes of its operation, but are confined in the main to administrative expenditures. Obviously some working capital is essential for the purchase of stock and raw materials and payment of the necessary labour for production work. The funds for these requirements are provided by a credit authorized by the Minister of Finance, out of the Consolidated Revenue Fund. The amount, of course, varies with the needs of the department which have been growing year by year. It is now felt that the credit of $2 million which has existed since 1946 is insufficient, and this measure would, as I have said, increase the amount to $4 million.

As honourable senators know, this credit is not a grant. It has been increased down through the years in accordance with the increase in the price of materials and labour and expanding activities resulting from the continuous growth of the nation. Some years ago the limit of the credit was $700,000. Later on it was increased to $1,300,000, then to $2 million, and in 1946, as I have indicated, to $4 million. Since then the government's activities, consequent upon the country's rapid growth, have expanded tremendously. These have been reflected in the continual growing activities of the King's Printer, who has also to contend with rising costs of materials and of labour.

It is found today that the credit of $2 million is approximately $2 million short of the bureau's requirements.

For example, I am informed that as of November 22, the bureau owed its suppliers for materials, paper, and so forth, $2,265,643. To meet salaries, wages and the like $160,000 was required. Therefore, the bureau was in debt for a total of $2,425,643. The overdraft in the Receiver General's account at that date was $5,590,137. Various government departments owed the Printing Bureau sums totalling $3,786,943, which it is entitled to deduct. Had the bureau received payment from the various departments, the overdraft at that time would have been only $1,803,193. The overdraft authorized by the Act is $2 million. As of November 22 there was available a cash balance of $196,807 to meet liabilities which, as stated before, amounted to $2,265,643. Therefore, the bureau was $2,068,836 short of the amount it needed to meet its obligations to outside firms for supplies and materials of various kinds. For this reason a further credit to the bureau is required.

The sum of $3,786,943 previously mentioned as owing to the King's Printer's advance account by the various departments, is made up of printing and stationery items. This being so, a large amount of printing could be charged against departments during a stated period, because work in process accumulates from month to month and departments are invoiced only when the job is complete and the work delivered. On the other hand, at other periods work in process shows a large balance, and accounts owing to the King's Printer are rather small; nevertheless, the advance account has to finance the costs of work in process until such time as departments are charged and payment is made to the Department of Public Printing and Stationery.

The bill also proposes to repeal subsection 2 of section 26 of the Public Printing and Stationery Act, 1927, and to substitute therefor the following:

> All purchases made by the Controller of Purchases shall be so made upon requisition approved by the minister or as he directs and all purchases involving an amount of one thousand dollars or upwards shall be made in accordance with contracts entered into with the like approval after tenders have been called for.

As I mentioned at the outset, under present procedure purchases of $500 or less require only the approval of the minister. The bill would authorize purchases up to $1,000 to be made without contract or tender.

Because of the increase in prices over the level which existed when the provision for $500 and under was established, orders of $1,000 or less are very numerous and pretty much standardized, with little possibility of competition.

It is thought, therefore, that there is nothing to be gained by calling for tenders on purchases involving lesser amounts. Besides, requests for tenders involve very considerable clerical work, with added costs, and often considerable delays.

The necessary procedure in calling for tenders for purchases as small as $500 militates against the utilization of the services of manufacturers or suppliers, particularly in the case of printing establishments located at points distant from Ottawa, and in the case of orders of an urgent nature the time factor practically precludes the requesting of tenders from firms so situated.

Hon. John T. Haig: I do not intend to discuss the merits of the bill. I do not see that we can do anything but pass it. But I am going to make a suggestion. I have felt—and I have voiced my feelings on several occasions—that parliament, or the government of Canada, through the various departments, spends a tremendous amount of money on printed material, much of which is sent to members of parliament, most of it to be dropped as quickly as possible in to the waste-paper basket.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: I have a suggestion to make whereby we can do what I think should be done. Normally, the Senate—and I do not want anybody to heave a brick at me for saying this—is less busy than the House of Commons, because we do not have to discuss politics and they do, and they take a lot of time doing it. Why could not we at the next session designate one of our standing committees, or, if they have too much to do, a special committee, to whom shall be presented a copy of every document printed by

each branch of every department of government. Having gone through this material, they could then call on the officials to explain why this or that publication was printed.

Hon. Mr. Reid: We have not a room big enough to hold them all.

Hon. Mr. Haig: I admit it. We may have to rent the Auditorium.

To indicate what I have in mind, take *The Canada Gazette*. I should like to know how how many members of the Senate read that publication, which over the years forms of a big volume, comes to hand every week, with special issues containing copies of orders in council. We receive forms and reports without number; and I would say, with all respect to my fellow senators, that very few if any of them are read. These publications may be useful in newspaper offices, in the libraries of provincial governments, and in the public libraries of cities and towns, to which people resort to get information. But the circulation goes much beyond that, and unless we as senators do something about the matter there can be little hope that anything will be done.

The circulation of publications has got entirely out of hand. I am not blaming officials. Many of them are ambitious to produce reports publicizing what they are doing. I do not say that if I were in their place I would do otherwise. But I suggest to the leader of the government (Hon. Mr. Robertson) that at the opening of the next session he designate a committee, or ask the house to designate a committee, to go into the whole subject. The Senate is in a good position to do this, because it is close to the centre of things. We shall be here until the night before Chirstmas, and after a very short Christmas vacation we shall come back about the middle or the end of January, so there is every opportunity to swing quickly into line.

Hon. Mr. Lambert: What about that election next year?

Hon. Mr. Haig: That election will be in June. There will be lots of time after the 24th of December for the committee to do its work.

Maybe all these publications are necessary; I do not believe they are; and I am sure we could make a real saving for the people of Canada if we investigated this whole subject and indicated what we thought should be printed and what should not. Further, I am persuaded that any government, whatever its political complexion, would think twice before continuing the printing and circulating of publications contrary to an express recommendation from this house.

Hon. Mr. Lambert: I would point out to the leader of the opposition (Hon. Mr. Haig) that two years ago the Finance Committee, of which he was a member, dealt in a very definite way with this item of public printing. He will recall that there were two matters before the committee, one being public printing, the other travelling expenses.

Hon. Mr. Haig: Yes.

Hon. Mr. Lambert: In the report of the last sitting of that committee, which was printed and circulated, these details were not mentioned because it was agreed, as my honourable friend knows, that the efforts of the committee in its investigation would be directed towards the effect of public spending on inflation; and it was decided—I think at my honourable friend's suggestion—that we would not have "witch-hunts" of any kind into details of departmental expenditures.

Hon. Mr. Haig: Correct.

Hon. Mr. Lambert: I submit that the inquiry he is now suggesting would probably be made by the Finance Committee, which is already set up, and of which the honourable senator from Churchill (Hon. Mr. Crerar) is chairman. I think it would be quite appropriate to refer the suggestion to that committee for consideration. It would, of course, change a little the orientation of their work from what my friend wanted them to do last year.

Hon. Mr. Haig: While I am now out of order I may be permitted to say that I thought of the Finance Committee as the right body to do this work; but as I am on that committee, and I did not want it to be supposed that I was anxious for the job, although I am willing to do it. There has been a feeling that one or two committees have too much to do while others have hardly anything to deal with. I believe this subject should be referred to the Finance Committee, but I do not care by whom it is done.

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

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

Hon. Mr. Robertson: Is it the wish of any honourable senators that the bill be sent to the Standing Committee on Banking and Commerce?

Some Hon. Senators: No.

Hon. Mr. Robertson: Then, with leave, I propose that it be read the third time at the next sitting.

SUPREME COURT BILL

SECOND READING

Hon. Arthur W. Roebuck moved the second reading of Bill 31, an Act to amend the Supreme Court Act.

He said: The purpose of the bill, as will be observed from the note at the side, is to increase the maximum salary of the Registrar of the Supreme Court of Canada from $8,000 to $8,500 per annum. Of course an explanation is in order as to why we should pass an Act of Parliament to increase the salary of a civil servant. The reason is that the Act which appoints this particular official places an absolute maximum of $8,000 on the amount to which his salary can be increased by order in council. In the first instance, as long ago as 1913, when the Act was passed, the Registrar's salary was fixed at $5,000. In 1927, at the time of the consolidation and revision of the statutes, his stipend was increased to $8,000.

Perhaps it will be of help to show what the duties of this official are. They are set forth in section 12 and following sections of the Supreme Court Act, chapter 35 of the Revised Statutes of Canada, 1927, as follows:

12. The Governor in Council may, by an instrument under the Great Seal, appoint a fit and proper person, being a barrister of at least five years' standing, to be Registrar of the Supreme Court.

13. The Registrar shall hold office during pleasure and shall reside and keep an office at the city of Ottawa.

14. The Registrar shall have the rank of a deputy head of a department, and shall be paid a salary of not less than four thousand two hundred dollars and not more than eight thousand dollars, to be determined by the Governor in Council.

15. The Registrar shall, subject to the direction of the Minister of Justice, oversee and direct the officers, clerks and employees appointed to the Court.

16. The Registrar shall give his full time to the public service, and shall not receive any pay, fee or allowance in any form in excess of the amount hereinbefore provided.

17. The Registrar shall, under the supervision of the Minister of Justice, have the management and control of the Library of the Court and the purchase of all books therefor.

Honourable senators will notice that the Registrar of the Supreme Court is indeed a most important official in the judicial system of Canada. In addition to being the chief administrative officer of the court, he is the taxing officer, and rules upon the charges that lawyers are permitted to make against opposing parties in actions. This responsible and somewhat difficult function is highly necessary. In addition, as I have read, the registrar has jurisdiction of a judge in chambers, and rules upon interlocutory motions. These are motions within an action which do not determine the final decision of the action itself. They include motions with regard to pleadings, the time limit allowed for the performance of certain functions, and many other multifarious details that precede the actual hearing of an action. Motions are made before the Registrar in much the same manner as they are made before the Masters in Chambers, now called Masters of the Supreme Court in the various provinces.

The present Registrar of the Supreme Court of Canada is Mr. Paul Leduc, who was appointed in 1940. He practised law in Ontario, in Ottawa, from 1915 to 1934, being a member of the well-known Belcourt firm, the head of which was a member of this house for some years. The present Registrar, who is completely bilingual, is a barrister of both Ontario and Quebec, and has a wide knowledge of the laws of both provinces. As a matter of fact, during the course of his practice in Ottawa he acted as agent for lawyers in all parts of Canada. In 1934 he became the Minister of Mines for Ontario, and was a colleague of mine in the provincial legislature until I retired from the government in 1937.

Honourable senators, I am sure I do not know just why a statutory limitation should be imposed on the salary of this particular official. It is out of line with the usual practice of salaries being left to the Civil Service Commission, the Treasury Board, and the Executive. These salaries all hold together, the salary of one official being deteremined to some extent by the amount paid to another. But here we are putting in an Act a provision as to what the limitation may be. The limitation on the salary of the Registrar imposes, in effect, a limitation on salaries all down the line, because a proper relationship should be maintained. There is no thought of changing this provision, however, and I am only expressing my personal wonderment at such a limitation as this being written into an Act of parliament.

What brings this matter to our attention at the present moment is a recommendation from the Chief Justice of the Supreme Court of Canada. He rather protests this limitation as applied to the salary of this official, and is now asking that we raise the limitation by $500 per year.

Some comparisons may be made. One may compare the salary paid to the Registrar of the Supreme Court of Canada with the $7,500 salary paid to the Registrar of the Supreme Court of the Province of Ontario. Should this legislation become law, the difference between a provincial registrar and the dominion registrar will amount to only $1,000. In my judgment this difference in

salary is certainly justified because of the greater responsibility carried by the Registrar of the Supreme Court of Canada. As honourable gentlemen are aware, the Supreme Court of Canada exercises a much greater authority than any other court in the land, and is now our court of last resort.

Hon. Mr. Dupuis: As I understand it, the Registrar of the Supreme Court of Canada holds the rank of a deputy minister. Does the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) know if there is any statutory limitation on the salaries of deputy ministers?

Hon. Mr. Roebuck: There may be, but I know of none.

Hon. Mr. Reid: The salaries of deputy ministers are set.

Hon. Mr. Roebuck: Perhaps I should be better informed. It is rather unusual to set salaries. We set the salaries of ministers, of course, but that is quite another matter. However, there is no thought of changing the rule with regard to this official. I was simply expressing my own view, and perhaps I should not have done that. The bill will increase the Registrar's salary from the present limit of $8,000 to $8,500.

Hon. Mr. Reid: Would my honourable friend permit a question? It is not being asked with any view of opposing the increase. I really have two questions. First: Has the present incumbent reached the maximum of $8,000? Second: The honourable gentleman has told us how the salaries of provincial court registrars compare with the salary of the Supreme Court Registrar, but can he tell us the reason for the disparity between the salary of the Supreme Court Registrar and that of the Exchequer Court Registrar? Both officials are required to have similar qualifications, yet the salary of the Supreme Court Registrar will be higher by at least $1,000 a year.

Hon. Mr. Roebuck: The question is why should there be this disparity between the salaries of the two officials?

Hon. Mr. Reid: Yes.

Hon. Mr. Roebuck: I think the answer is that the Exchequer Court is a court of first instance—that is, it is a trial court—and while it deals with matters of considerable importance affecting the revenues of the Crown, it is not in the class of the Supreme Court of Canada, which is a court of final resort and deals with appeals from courts all over the Dominion of Canada, including the Appeal Courts of the provinces. I do not want to compare the two individuals holding these offices. I think that could be done, but it is not necessary, surely. In my judgment the Registrar of the Exchequer Court does not hold as important or as responsible an office or exercise as difficult, important and responsible judicial functions as does the Registrar of the Supreme Court of Canada.

Hon. Mr. Lambert: May I ask the honourable gentleman a question? Is it not so that the Registrar of the Exchequer Court has much more onerous responsibilities to perform? He has a larger staff under him. It seems to me that the Exchequer Court Registrar's work and responsibilities for his staff are so much heavier than the corresponding work and responsibilities of the Supreme Court Registrar that there is no comparison at all between them. Therefore it seems to me there is some justification for eliminating the disparity between the salaries of the two officials.

Hon. Mr. Roebuck: Well, I would have no objection to eliminating the disparity, if it meant that the salary of the Exchequer Court Registrar would go up—

Hon. Mr. Lambert: I would agree with that.

Hon. Mr. Roebuck: —and if it did not involve pushing the Supreme Court Registrar's salary down. I might point out that the Supreme Court Registrar is responsible for the management of the Supreme Court Library and the purchase of books for that library. The Registrar of the Exchequer Court has none of that responsibility, and it is not a small one. I do not know which Registrar has the larger staff. I do know that more cases are passed upon by the Exchequer Court, which as I have said is a court of first instance, than by the Supreme Court of Canada, our final court of appeal. But the work that is done by these tribunals is not to be compared entirely on a basis of quantity; it must also be compared on the basis of responsibility, quality and that sort of thing, and on that basis I am quite satisfied that the Supreme Court is more important than the Exchequer Court.

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

THIRD READING

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

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

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

EXCHEQUER COURT BILL

SECOND READING

Hon. R. W. Roebuck moved the second reading of Bill 31, an Act to amend the Exchequer Court Act.

Some Hon. Senators: Carried.

Hon. Mr. Roebuck: I think, honourable members that I should make at least a brief explanation, for the record.

The bill is similar to the one we have just passed, its purpose being to increase the maximum salary of the Registrar of the Exchequer Court of Canada from $6,500 to $7,500 a year, and the remarks that I made with regard to fixing the amount of the salary by statute apply here also.

Section 12 of the Exchequer Court Act, Chapter 34, Revised Statutes of Canada, 1927, reads as follows:

> The Governor in Council may by an instrument under the Great Seal appoint a fit and proper person, being a barrister of at least five years' standing, to be the Registrar of the Exchequer Court, who shall hold office during pleasure, reside and have his office at the city of Ottawa, and be paid a salary of five thousand dollars per annum.

By Chapter 63 of the Statutes of 1947 the salary was increased to the present maximum of $6,500.

May I say here that I think we are fortunate in having men like the present registrars of the Supreme Court and Exchequer Court holding these responsible positions. The Registrar of the Exchequer Court is Mr. H. R. L. Henry, K.C., a barrister of forty years' standing. In 1908 he was a Rhodes Scholar from Manitoba.

Hon. Mr. Haig: Yes, I know him.

Hon. Mr. Roebuck: My honourable friend from Winnipeg (Hon. Mr. Haig) will know him very well. Mr. Henry studied law at the University of Oxford, was called to the Bar of Great Britain in 1911, and became a member of the Honourable Society of the Inner Temple. In 1911 he was also admitted to the Bar of Manitoba, and from that year until 1923 he practised law in my honourable friend's city, Winnipeg. In 1923 he entered the Dominion Civil Service, and in about 1945 or 1946—I am not sure of the year—he was appointed to his present office. He is the Chief Administrative Officer of the Exchequer Court. Like the Registrar of the Supreme Court, he is also the Taxing Officer—and his duties as such are rather taxing, in another sense of the word. He has the jurisdiction of a Judge of the Exchequer Court of Canada, sitting in Chambers, which includes the handling of patent and revenue cases.

The change which this bill brings about was requested by the President of the Exchequer Court. As to the present incumbent in office, I know him to be a highly efficient, industrious and very pleasant person.

Hon. Mr. Dupuis: Moreover, he is a real diplomat.

Hon. Mr. Roebuck: He is a diplomat, and that is a good quality for a person who exercises authority.

Hon. Mr. Dupuis: He was trained for it.

Hon. Mr. Roebuck: Yes. He is thoroughly competent and, in my judgment, a valued official of the court.

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

THIRD READING

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

Hon. Mr. Roebuck: With leave of the Senate, now.

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

REVISED STATUTES BILL

SECOND READING

Hon. J. W. deB. Farris moved the second reading of Bill 32, an Act to amend an Act respecting the Revised Statutes of Canada.

He said: Honourable senators, this bill is short, and my remarks also will be brief.

The measure relates to the consolidation of the Revised Statutes of Canada, and is designed to take care of a hiatus that otherwise seems inevitable. It will be recalled that in 1948 parliament passed an Act authorizing the revision of the consolidated Revised Statutes of Canada. The last previous revision and consolidation was in 1927; about the normal time for consolidation had elapsed. A commission was established, consisting of the Chief Justice of Canada, the Deputy Minister of Justice and two or three lawyers, some of whom are members of the Department of Justice. The work will shortly be completed, and the revision will take effect December 31 next.

The problem is that some eight or nine months will elapse before the new statutes are printed and in the hands of members of parliament, lawyers and others who use them. In that interval a new session of parliament will have been called, and some of the existing statutes will have been amended. Parliament will be unable to amend them in the terms of the new revision, because it will not yet have been printed, so when the consolidation comes into operation there will be somewhat of an anachronism.

The bill before us provides that the commission now in existence shall have authority and power to take any statutes passed between December 31 and the time of printing the new consolidation, and put them into a supplementary volume. Parliament will, as I say, make reference to the old consolidation, but the commission will put the new statutes into the new consolidation.

Although to the uninitiated, the language of the bill is not very lucid, I have read it and studied it as best I could, and it seems to do what is intended.

Hon. Mr. Roebuck: May I ask whether the commissioners will be authorized to change the form of the statutes? I am wondering why a supplementary volume is required. When parliament amends a statute it will alter a section in this new revision. Why not put the new Acts into their proper place in the new consolidation, without using a supplementary volume?

Hon. Mr. Farris: A supplementary volume is needed for the reason that from December 31 next the King's Printer will be in the process of printing the revised statutes. Parliament will probably commence a new session in February, and legislation will likely be passed altering statutes which may have been passed ten years ago, but we will have before us only the 1927 edition. We will have to do the best we can with the material that is before us. When the commissioners have the new legislation before them, they will make such changes as to dates and references as are necessary in relation to the new statutes. It may be that the 1951 revision will be different from that of 1927. But the commission will have the same power to make new statutes fit into the consolidation —as to language and dates—as they have now. That is the type of work they are now doing, by way of general revision. This bill covers a hiatus in the powers of the commission.

Hon. Mr. Roebuck: Can the honourable gentleman give us any information about the members of the commission?

Hon. Mr. Farris: The Chief Justice of Canada is the chairman, Mr. Varcoe is the second in command, and there are three lawyers whose names I have not before me.

Hon. Mr. Roebuck: Are they civil servants?

Hon. Mr. Farris: I know that one or two of them are civil servants.

Hon. Mr. Reid: May I ask if it is intended to have the new revised statutes issued during 1952?

Hon. Mr. Farris: Yes. It will take about eight months to print the consolidation.

Hon. Mr. Haig: I may say that as a member of the Manitoba Legislature I had some experience in the revision of the statutes of that province. A supplementary issue was prepared, although it was not provided for in advance as is now being done here—we did not think that fast in those days. But the supplementary volume served a useful purpose. It set out the Acts which were amended after the revision was made. From the viewpoint of a practising lawyer, the scheme of a supplementary volume worked very well in Manitoba, and I am in favour of this bill.

Hon. Mr. Roebuck: While I was Attorney General of the Province of Ontario, I had the rather delightful experience of having the ten-year period for the revision of the statutes in that province expire. Previously a board, consisting of several judges, a number of barristers and others, was appointed; the revision usually took a long time and was very costly; there were all sorts of incidental expenses in connection with it which I considered open to criticism. On that occasion I put the revision in the hands of the law officers of the Crown in that province. The result was an efficiency, a speed of action and a finally satisfactory result in which I took a good deal of satisfaction. I have no doubt that it has been done here in the same efficient way it was done under my jurisdiction, about the year 1935.

The last revision of federal statutes took place in 1927: we are now in the year 1951. These consolidations should be not delayed so long. Revision should be going on continuously by the law officers of the Crown, and when, say, ten years have gone by, the material should be pretty well ready for the printers. In their revised form the statutes should be published periodically, say every ten years or so, because if consolidation is unduly delayed it means that law officers and laymen who want to know the law must look through volume after volume of the annual statutes and endeavour to piece together the original Act and its various amendments—a laborious and inconvenient business. On the other hand revisions such as that of 1927 and the one which is to come out in 1952 are of the very greatest value to those who want to know the law.

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

THIRD READING

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

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

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

PROROGATION

INQUIRY

Hon. Mr. Robertson: Honourable senators, I move that when the Senate adjourns today it stand adjourned until Monday, the 10th day of December, at 8 o'clock in the evening.

Hon. Mr. Haig: Before that motion is put, I would ask whether the leader of the government can give us an indication as to when we may go home.

Hon. Mr. Farris: You told us a while ago.

Hon. Mr. Haig: I did, but I can speak only unofficially. The government leader is "the doctor."

Hon. Mr. Robertson: This, honourable senators, is a question which arises annually. I can only reply, as I have done in the past, and no doubt will have to repeat in the future, that the answer depends on the opposition, not on the government.

Hon. Mr. Haig: Thank you.

The motion was agreed to.

The Senate adjourned until Monday, December 10, at 8 p.m.

THE SENATE

Monday, December 10, 1951

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

Prayers and routine proceedings.

COMBINES LEGISLATION

FINAL REPORT OF JOINT COMMITTEE

Hon. A. L. Beaubien: Honourable senators, I beg leave to lay on the table the second and final report of the Joint Committee of the Senate and the House of Commons on Combines Legislation.

PRIVATE BILL

FIRST READING

Hon. Mr. Hugessen presented Bill C, an Act respecting the General Synod of the Church of England in Canada.

The bill was read the first time.

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

Hon. Mr. Hugessen: With leave, tomorrow.

PRIVATE BILL

FIRST READING

Hon. Mr. Hugessen presented Bill D, an Act respecting the General Synod of the Church of England in Canada and the Missionary Society of the Church of England in Canada.

The bill was read the first time.

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

Hon. Mr. Hugessen: With leave of the Senate, tomorrow.

PRIVATE BILL

FIRST READING

Hon. Mr. Aseltine presented Bill E, an Act to incorporate the Evangelical Mennonite Brethren of Canada.

The bill was read the first time.

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

Hon. Mr. Aseltine: With leave of the Senate, tomorrow.

PRIVATE BILL

FIRST READING

Hon. Mr. Duffus presented Bill F, an Act to incorporate the Sisters of Charity of the House of Providence.

The bill was read the first time.

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

Hon. Mr. Duffus: Wednesday.

Hon. Mr. Haig: I would respectfully call the attention of the senator from Peterborough West (Hon. Mr. Duffus) to the fact that the committee which will consider this measure will be meeting on Wednesday morning; therefore, if it is to be considered at that meeting it would have to be read the second time tomorrow. I would suggest to my honourable friend that, with the consent of the house, he ask that the bill be placed on the Order Paper for second reading tomorrow.

Hon. Mr. Duffus: Tomorrow.

SUSPENSION OF RULES

MOTION

Hon. Mr. Hugessen (for Hon. Mr. Robertson) moved:

That for the remainder of the present session of parliament Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

He said: As honourable senators know, this is the usual motion which is submitted towards the end of the session. The purpose is to relieve the Senate of necessity, under Rule 23, of two days' notice for certain purposes, and under Rule 24 of one day's notice for certain other purposes; and from the provisions of Rule 63, which declares that no bill shall be read twice the same day, and so on.

The motion was agreed to.

PUBLIC PRINTING AND STATIONERY BILL

THIRD READING

Hon. A. K. Hugessen moved the third reading of Bill 24, an Act to amend the Public Printing and Stationery Act.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, December 11, 1951

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

Prayers and routine proceedings.

PRIVATE BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill C, an Act respecting the General Synod of the Church of England in Canada.

He said: Honourable senators, this bill is submitted on behalf of the General Synod of the Church of England in Canada. It and the bill immediately succeeding it have both been unanimously approved by the Executive Council of the General Synod of the Church of England in Canada, after consultation with and receiving the approval of the twenty-eight chancellors of the various Anglican dioceses. It so happens that I am the Chancellor of the Diocese of Montreal.

The purpose of this bill is to amend the Act incorporating the General Synod, passed by this parliament in the year 1921, so as to widen and make clear its power of investing and dealing with its corporate funds.

Briefly, the bill purports to repeal sections 3 and 6 of the Act of 1921, and to substitute therefor the provisions which are found in this bill. The purpose of the new sections is to bring up to date and confer on the General Synod powers to hold real estate, borrow money, mortgage property, issue bonds and debentures, and make investments of the same nature as the Canadian insurance companies are authorized to make under the Insurance Act. In this respect the measure follows very closely the legislative powers which this parliament last year conferred on a number of other religious organizations, such as the United Church of Canada, the Evangelical Lutheran Church of Canada, the Ruthenian Greek Catholic Episcopal Corporation of Canada and the Ukrainian Catholic Episcopal Corporation of Western Canada. Authority is also granted by the bill to set up and maintain a retirement fund for the benefit of lay employees of the synod, and to maintain the present pension fund.

Hon. Mr. Roebuck: Are the chancellors covered by the retirement plan?

Hon. Mr. Hugessen: I am afraid the chancellors do not participate in any pecuniary benefits.

Hon. Mr. Aseltine: That is a sad state of affairs.

Hon. Mr. Reid: They are usually retiring gentlemen.

Hon. Mr. Hugessen: Indeed, chancellors do not even get the very small stipend which the great majority of clergymen throughout this country receive.

When the bill has received second reading —after I have moved to suspend Rule 119— I shall suggest that it be referred to the Standing Committee on Miscellaneous Private Bills for further consideration.

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

SUSPENSION OF RULE

Hon. Mr. Hugessen: Honourable senators, I move, with leave of the Senate, that Rule 119 be suspended insofar as it relates to Bill C, an Act respecting the General Synod of the Church of England in Canada.

The purpose of this motion is to suspend the application Rule 119, which requires a delay of one week between the second reading of a bill and its consideration by the committee to which it is referred.

The motion was agreed to.

REFERRED TO COMMITTEE

Hon. Mr. Hugessen moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill D, an Act respecting the General Synod of the Church of England in Canada and the Missionary Society of the Church of England in Canada.

He said: Honourable senators, this is the second of the two bills to which I referred a few minutes ago. It also has received the unanimous approval of the Executive Council of the General Synod of the Church of England, and of the twenty-eight chancellors of the respective dioceses.

The measure deals with a rather peculiar situation in relation to the joint funds of the General Synod and the missionary society. As I said a moment ago, the Synod was incorporated by this parliament in 1921, and the Missionary Society was incorporated by this parliament in 1903. In the year 1927 these two organizations obtained an Act of the Legislature of the Province of Ontario authorizing them to amalgamate their funds and to deal with them in certain ways. As both

organizations were incorporated through federal jurisdiction, it is considered that the authorization to deal with their joint funds should come from the parliament which incorporated the organizations. The sole object of this bill is to authorize the consolidation of the trust funds of the two organizations in the same way as, by Ontario legislation, permission to consolidate has already been given, but to give that consolidation the sanction of this parliament, which is really the right body to do it.

Hon. Mr. Roebuck: Does the Ontario organization, or entity, consent?

Hon. Mr. Hugessen: There is no Ontario organization. Both these organizations were incorporated—one in 1903, the other in 1921—by this parliament; but for some reason, unknown to me, they went before the Ontario legislature in 1927 to get this power, which should have been sought from the Parliament of Canada.

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

SUSPENSION OF RULE

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

Hon. Mr. Hugessen: With leave of the Senate, I move that Rule 119, in so far as relates to this bill, be suspended.

The purpose of this motion is the same as that of a similar motion in relation to the previous bill.

The motion was agreed to.

REFERRED TO COMMITTEE

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

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill E, an Act to incorporate the Evangelical Mennonite Brethren of Canada.

He said: Honourable senators, this bill has no controversial features. The Evangelical Mennonite Brethren is an organization of all Mennonite Brethren churches on the North American continent, and it proposes to obtain a Dominion charter in Canada and a similar charter in the United States. Application has been made in the United States; and this bill is the application which is being made here. As first drawn, the bill did not contain certain provisions contained in other bills of a similar nature passed by this house, but it has now been re-drafted by the Law Clerk of the Senate. I have carefully inspected the bill as re-drawn, and believe that it now complies in every respect with the requirement of parliament.

The bill incorporates the Mennonite Brethren of Canada, and deals with the appointment of directors, the establishment of a head office, and the power to acquire property and to hold mortgages. It also outlines the powers of the society to invest funds.

Hon. Mr. Euler: Did I understand the honourable senator to say that this bill combines all the Mennonite bodies in North America?

Hon. Mr. Aseltine: No. There now is an organization called the Evangelical Mennonite Brethren. It is my information that the Mennonites are divided, and that the Mennonite Brethren churches in the United States are being incorporated by an Act of Congress. This bill is to incorporate Mennonite Brethren churches in Canada.

Hon. Mr. Euler: I should be rather surprised to know that they are all under the same organization. A great many Mennonites live in the riding I formerly represented in the House of Commons. We used to have what we called the "Old Mennonites", who were a very fine people. There are also the "New Mennonites", and I am pretty sure they do not belong to this organization.

Hon. Mr. Aseltine: This is to incorporate the Evangelical Mennonite Brethren of Canada.

Hon. Mr. Euler: Well, it is not important.

Hon. Mr. Aseltine: I might say that we have many Mennonites in the Rosetown district of Saskatchewan.

Hon. Mr. Euler: I think they came from Waterloo county.

Hon. Mr. Aseltine: They came to the Rosetown district about 1925, and purchased some of our most valuable land. A large number of them graduated from European universities as doctors and lawyers.

Hon. Mr. Euler: Many of them came from Russia.

Hon. Mr. Aseltine: They have made quite a success of their farming operations. Many of them consult me about legal matters, and I have found them to be very reliable and honest people. I am sure that what they are asking for in this bill is quite in order.

Hon Mr. Euler: I am sure of that.

Hon. Mr. Roebuck: It would be rather serious if this incorporation were to include all

the Mennonites in the northern half of the continent, because I notice here that the body is taking power to expel members who do not conform to its bylaws. There would be no place for them to go. I do not think there should be any monopoly.

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

SUSPENSION OF RULE

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate, I move that Rule 119 be suspended in so far as it relates to Bill E, an Act to incorporate the Evangelical Mennonite Brethren of Canada.

The motion was agreed to.

REFERRED TO COMMITTEE

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

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. J. J. Duffus moved the second reading of Bill F, an Act to incorporate the Sisters of Charity of the House of Providence.

He said: Honourable senators, the purpose of the bill is to incorporate a religious order known as the Sisters of Charity of the House of Providence, to enable it to hold property legally, to borrow on its property, to invest funds, and to consolidate various provincial charters of the order. The work carried on by the order is, as indicated in the bill, of a religious and social nature.

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

SUSPENSION OF RULE

Hon. Mr. Duffus: Honourable senators, with leave of the Senate, I move that Rule 119 be suspended in so far as it relates to Bill F, an Act to incorporate the Sisters of Charity of the House of Providence.

The motion was agreed to.

REFERRED TO COMMITTEE

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

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, December 12, 1951

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

Prayers and routine proceedings.

CANADIAN FORCES BILL

COMMONS AMENDMENT CONCURRED IN

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill 21, an Act respecting the Canadian Forces, and to acquaint the Senate that they have concurred in the amendments made by the Senate to the bill. with the exception of the sixteenth amendment, to which they propose the following amendment:

The amendment was read by the Clerk Assistant as follows:

That subparagraph (iii) of paragraph (d) of section two of The Veterans Land Act, 1942, as proposed by the Senate, be deleted and that the following be substituted therefor:

(iii) who, wherever he may have served, is by reason of disability attributable to or incurred during such service in receipt of a pension.

The Hon. the Speaker: Honourable senators, when shall the amendment be taken into consideration?

Hon. Mr. Hayden: With leave of the Senate, now.

The amendment now offered by the other house is to correct an error which occurred—more in the copying than in any other way—in one of the numerous amendments sent to that house from the Senate. This amendment has to do with the definition of "veteran". The statute, as it stood prior to 1949—it was amended in that year—contains language which was copied in error and sent to the other place. I shall read to the house the definition of "veteran" as it appeared prior to 1949.

(iii) who, wherever he may have served, is by reason of disability incurred as a result of such service in receipt of a pension.

That was the earlier definition, which appeared prior to 1949. The change made in the other place, and in which we are now asked to concur, is this. After the words "who, wherever he may have served, is by reason of disability" are inserted the words "attributable to"; then follows the remainder of the definition, "or incurred during such service, is in receipt of a pension." So the change is a perfectly proper one to bring the amendments with which we are dealing this year into line with the law as it stood, so far as it concerns a veteran entitled to pension, and makes for a much broader definition than if the earlier wording were retained.

Having given that explanation, I would like to make use of this opportunity to say a word or two in connection with some criticism which emanated from another place in connection with the amendments which the Senate made to this bill, and which I regard as being utterly stupid. The rules and the practice in both our houses are perfectly clear, and we followed the correct practice in amending the bill as we did, that is, by striking out the sections which were being dealt with and re-enacting them with the amending words incorporated in them. That is the common, the usual and the customary procedure, and how any person, even though suffering from temporary amnesia, could so far lose his sense of familiarity with the rules of practice as to suggest that we were doing something which was entirely unnecessary, is beyond my comprehension. The author of that criticism must be either stupid or ignorant. Either he has heard the rules and does not understand them, or he is ignorant of the rules. When the suggestion is made that the course we adopted, and which is entirely in accord with the rules, is a reason for abolishing the Senate, I suggest with much assurance of support that so stupid and ignorant a criticism furnishes very strong evidence that the voters in whatever area he represents should themselves do a little "abolishing" and, maybe, "abolish" the author of these remarks.

Hon. Mr. Reid: It is not my intention to say anything on the amendment, but—

The Hon. the Speaker: I must remind the honourable member that there is nothing before the Senate on which he can speak.

Hon. Mr. Reid: But there will be later on.

The motion was agreed to, and the amendment was concurred in.

QUESTION OF PRIVILEGE

Hon. Thomas Reid: Honourable senators, I rise to a question of privilege which affects all honourable senators, and which has to do with a statement made in another place. I repeat that it is a question of privilege affecting the membership.

The Hon. the Speaker: I must point out to the honourable senator that there is nothing before the Chair.

Hon. Mr. Reid: Am I not permitted to speak on a question of privilege affecting the members of the Senate? Is that not in order? I should like a ruling.

The Hon. the Speaker: I would inform the honourable senator that this order has already been disposed of with, it seems to me, a sufficient measure of strength.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. J. A. McDonald, Acting Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill C, an Act respecting the General Synod of the Church of England in Canada.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred Bill C, an Act respecting the General Synod of the Church of England in Canada, have in obedience to the order of reference of December 11, 1951, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Hugessen: Now.

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

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. McDonald presented the report of the Standing Committee on Miscellaneous Private Bills on Bill D, an Act respecting the General Synod of the Church of England in Canada and the Missionary Society of the Church of England in Canada.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred Bill D, an Act respecting the General Synod of the Church of England in Canada and the Missionary Society of the Church of England in Canada, have in obedience to the order of reference of December 11, 1951, examined the said bill, and now beg leave to report the same without any amendmennt.

THIRD READING

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

Hon. Mr. Hugessen: Now.

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

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. McDonald presented the report of the Standing Committee on Miscellaneous Private Bills on Bill E, an Act to incorporate the Evangelical Mennonite Brethren of Canada.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred Bill E, an Act to incorporate the Evangelical Mennonite Brethren of Canada, have in obedience to the order of reference of December 11, 1951, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. McDonald: Now.

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

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. McDonald presented the report of the Standing Committee on Miscellaneous Private Bills on Bill F, an Act to incorporate the Sisters of Charity of the House of Providence.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred Bill F, an Act to incorporate the Sisters of Charity of the House of Providence, have in obedience to the order of reference of December 11, 1951, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

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

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

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

RAILWAY BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill 12, an Act to amend the Railway Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred Bill 12, an Act to amend the Railway Act, have in obedience to the order of reference of December 5, 1951, examined the said bill and now beg leave to report the sam with the following amendments:

1. Page 4, lines 26 to 29: delete paragraph (b) and substitute the following: "(b) may, in addition, specify class rates between specified points on the

railway and when rates are established in groups the rates to or from individual points in the groups may be higher of lower than the rates specified under paragraph (a)."

2. Page 5, line 22: after "competition" delete "actually."

3. Page 7, line 35: after "territory;" insert "unless the Board for good cause otherwise orders;".

4. Page 7, line 49: after "territory" insert "; unless the Board for good cause otherwise orders."

5. Page 8, line 36: after "Act" insert "except section three hundred and thirty-two A,".

The Hon. The Speaker: Honourable senators, when shall the report be taken into consideration?

Hon. Mr. Hugessen: I move that the report be taken into consideration tomorrow.

Hon. Wishart McL. Robertson: Honourable senators, I of course do not wish to comment on the request that this report be set down for consideration tomorrow, for that is in accordance with our customary procedure. I merely want to take advantage of the opportunity which presentation of the report gives me to express on my own behalf, and I am sure on behalf of the Senate as a whole, appreciation of the very excellent work that the Committee on Transport and Communications has done in considering this highly complex and important matter. I am not sure whether the house is aware that up to this day the committee has had fifteen meetings, most of which were devoted to the subject-matter of the Railway Bill and the Report of the Royal Commission on Transportation. I appreciate very much the work that has been done by this committee. I feel that those who were fortunate enough to attend the meetings regularly gained a wide and comprehensive knowledge of this complicated subject.

I am not unaware of the fact that there has been criticism, and perhaps fair criticism, of my suggestion as to the setting up of committees and the reduction of their membership. Before making the suggestion I consulted many honourable senators, and decided that as an experiment the scheme could be adopted, and that if, later, it seemed desirable to increase the membership, I would have no objection to such action. My concern was to insure that the committees would operate as efficiently as possible, with a maximum attendance of the members. In suggesting the reduced membership I had in mind the set-up of the Senate of the United States. As honourable senators know up to the time when Newfoundland entered the confederation the Senate of Canada had the same number of members as the Senate of the United States, namely, ninety-six. Now, in the United States Senate the committee comparable to our Transport Committee has only thirteen members, and because of its small membership each member has become a specialist and enjoys an enviable reputation for his wide knowledge of the subject that comes within its purview.

In setting up committees of this house, my paramount interest has been to see that each area into which Canada traditionally is divided is equally represented. With a seventeen-member committee, four members are appointed from each of the four main geographical divisions and one member from Newfoundland. If the total membership were to be thirty-four, the representation from each division would be doubled. Although heretofore the total membership of the Banking and Commerce Committee has been about 51, and the distribution of representation has been fair enough, I have always felt that perhaps the ideal committee would be one so constituted as to assure the maximum attendance of its members, for a large committee is of little value if attendance is relatively small. I emphasize that my only concern is to improve if possible, on the excellent work done by the Senate committees.

May I say a few words on behalf of the Committee on Finance and the Committee on External Affairs. Honourable senators will recall that the matter of the public accounts was referred to the Finance Committee. Unfortunately, that move was a little premature, as the public accounts have only now become available, and the committee has been unable to do anything with respect to them.

The chairman of the External Affairs Committee has been anxious to proceed, but because of the unavoidable absence from Canada of some of the senior officials of the department in question, it was not considered practical for the committee to function.

I take this opportunity of expressing my appreciation for the good work that has been done by the committee on Transport and Communications.

Some Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable senators, I do not intend to deal with the subject presently before the house, but I should like to pay my respects to the chairman and the deputy-chairman of the Transport Committee. Both these honourable gentlemen gave exceedingly fine service in arranging for witnesses to appear before us in the time available, and each presided with marked impartiality.

I think I attended every meeting of the committee, and I can truthfully say that through this medium I have learned more about transportation problems in Canada than I ever knew before. I am sure that

every member of the committee feels as I do. When differences of opinion occurred there was a fine spirit, each of us endeavouring to understand the problems of the others. Whether the membership of the committee should be increased to more than seventeen, is a matter to be considered later. For my part, I am in favour of increasing the number to perhaps thirty-four. I do not think, however, that this is the time to discuss that question.

I am about to bring up a matter which, perhaps, I should not mention at this time. I think it most unfair to the people of Canada that much of the important legislation of parliament should come to the Senate within the last two weeks of the session. Really, the Government of Canada, which controls the House of Commons, has got to work out some better program for presenting legislation. The men and women who are in this house are, without exception, desirous of giving Canada the best service they can; but here we are in the last week or ten days of the session, and the major legislation is just now coming before us. Thanks to the foresight of the leader of the government in this house, we have been able to consider the railway legislation in committee before the bill reaches us, for there is absolutely no opportunity now for us to consider that complicated measure.

There is no use saying that protests against this practice have been made in the past. I would strongly urge upon the government that at the next session it should see that important legislation comes forward at an early date, so that this house can give it proper consideration. I do not know whether the rules are to blame, or where the criticism should lie, but I know that the other house is still—or was up until this morning—discussing the Speech from the Throne. Perhaps it is not my job to criticize the other house; but what we should do is adjourn this house on Friday until January 3, and say that we will complete our work then. The members of the House of Commons would of course have to come back then too. If we did that once, it might cure the trouble.

Why should the people of Canada pay me, or anybody else in this house, to crowd into the last week of each session consideration of important measures which affect so many thousands of our citizens?

Hon. A. K. Hugessen: Honourable senators, as chairman of the committee on transport, I hope the honourable senator from Queen's-Lumenburg (Hon. Mr. Kinley), as deputy chairman, will allow me to associate him with me in expressing our thanks to the leader opposite and to the leader of the government for their very kind words about the work of the committee. All I can say is—and I am sure the honourable senator from Queen's-Lunenburg will agree with me —that the work we have been engaged in has been most instructive and that the committee has been most active and energetic in taking a diligent and intelligent interest in the very difficult subject submitted to us.

Arising out of what both leaders have said, I think perhaps this is an indication that in future it may be a wise policy to follow the practice adopted this session with respect to legislation which we know is going to come to us. In that way, before the measure actually reaches us, we will be able to deal with it—as we have dealt with the Railway Bill—in such a way that the members of the committee can familiarize themselves with the problems behind the legislation.

CANADIAN FORCES BILL

QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. Thos. Reid: Honourable senators, I trust that I am now in order in making the remarks which I intended to make at the opening of today's sitting, and which have to do with the honour and privileges of the Senate. I realize that what I am about to say may give undue prominence to the individual to whose strictures I shall refer. Nevertheless, while we are accustomed to a certain amount of criticism from members of the public, I feel that the practice in the other place of sniping at this body is becoming a little too frequent. It ill becomes anyone in the other house to charge us, on the one hand, with making work by proposing what have been called "unnecessary amendments," and in the same breath, accuse us of doing little or nothing or of having little or nothing to do. One can realize the possible effect of such charges on people outside of parliament, who do not know the facts. Therefore, as one who has been a member of the House of Commons for over twenty years, and has held a place in this honourable body for two and a half years, I think it is appropriate for me to tell the people of this country, from my experience and observation, that there is just as much diligence in public affairs shown in this chamber as in the House of Commons; indeed, I believe there is more. Every member of the other place is not constantly in attendance there, neither do all of our members attend here; but I believe that if a careful check were made it would be found that the average attendance in the Senate is far better than that in the other house.

To be accused of making needless changes in a bill for the sake of having something to do is, I claim, a scurrilous attack. If those members of the other place who, because they do not have their own way in connection with changes in legislation, go about yelling for the abolition of the Senate, it may be that ultimately this country will be left with just one chamber. If there are those elsewhere who want only one single chamber of government which will, or can, pass legislation with no restraining hand and with no second body to examine it, let them say so without equivocation. I noticed that the leader and others of the group to which this critic belongs announced up to the year 1940 that it was their party's platform to abolish the Senate. But in 1940, their leader, who thought the election might result in making him Prime Minister of this country, modified his views, he was not going to lock the doors of the Senate then, he was simply going to reform it.

Other members of parliament have criticized us from time to time and I am now first taking the opportunity to say that I believe the remarks which were made yesterday in the other place are false and misleading, and without a grain of truth in them.

The Hon. the Speaker: I would ask the honourable senator to conclude his remarks as soon as possible, or I shall have to call him to order.

Hon. Mr. Reid: I have only to add that, if the light within the man who made that criticism be darkness, how gross is his darkness.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, December 13, 1951

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

Prayers and routine proceedings.

ST. LAWRENCE SEAWAY AUTHORITY BILL

FIRST READING

A message was received from the House of Commons with Bill 33, an Act to establish the St. Lawrence Seaway Authority.

The bill was read the first time.

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

Hon. Mr. Robertson: With leave of the Senate, I move that this bill be placed at the foot of the order paper, to be called for second reading later this day.

The motion was agreed to.

INTERNATIONAL RAPIDS POWER DEVELOPMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 34, an Act respecting Construction of Works for the Generation of Electrical Power in the International Rapids Section of the St. Lawrence River.

The bill was read the first time.

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

Hon. Mr. Robertson: Honourable senators, with leave of the senate, I move that this bill be placed at the foot of the Order Paper to be called for second reading later on this day.

The motion was agreed to.

PRIVATE BILLS

REFUNDS OF PARLIAMENTARY FEES

Hon. Mr. Aseltine moved:

That the parliamentary fees paid on Bill E, an Act to incorporate the Evangelical Mennonite Brethren of Canada, be refunded to petitioners, less printing and translation costs.

The motion was agreed to.

Hon. Mr. Haig moved:

That the parliamentary fees paid on Bill B of last session, an Act to incorporate the Hutterian Brethren Church, be refunded to Mr. James H. Stitt, Ottawa agent of the solicitor for petitioners, less printing and translation costs.

The motion was agreed to.

Hon. Mr. Duffus moved:

That the parliamentary fees paid on Bill F, an Act to incorporate the Sisters of Charity of the House of Providence, be refunded to Messrs. Henderson and Willoughby, Kingston, Ontario, solicitors for petitioners, less printing and translation costs.

Hon. Mr. Roebuck: I should like to ask just why we are refunding these fees. It is not that I have any objection to the refund of fees in these circumstances, but I should like to know what is the principle upon which they are refunded. Why do we make a charge at all, if later on we give it back? I think perhaps some explanation would be in order.

Hon. Mr. Haig: The practice of the Senate has always been, at least during my time here, to charge the parliamentary fees on all private bills and, in the case of bills relating to church and charitable organizations, to move in the chamber afterwards that the fees paid upon such bills be refunded. By this procedure it is left to the chamber, and not to any official, to decide whether the money should be refunded in any particular instance.

Hon. Mr. Roebuck: Charitable organizations have always been included under that rule, have they?

Hon. Mr. Haig: Yes.

The motion was agreed to.

Hon. Mr. Hugessen moved:

That the parliamentary fees paid on Bill C, an Act respecting the General Synod of the Church of England in Canada, be refunded to petitioners less printing and translation costs.

Motion was agreed to.

Hon. Mr. Hugessen moved:

That the parliamentary fees paid on Bill D, an Act respecting the General Synod of the Church of England in Canada and the Missionary Society of the Church of England in Canada, be refunded to petitioner, less printing and translation costs.

Hon. Mr. Euler: Honourable senators, while not objecting to a refund of these fees, I have always understood that this house has no particular authority over matters of revenue; therefore I am wondering whether we have the constitutional right to do what we are doing here this afternoon.

Hon. Mr. Aseltine: You would bring that up!

Hon. Mr. Haig: You would think of that!

The motion was agreed to.

RAILWAY BILL

COMMITTEE AMENDMENTS CONSIDERED IN COMMITTEE OF THE WHOLE

The Senate proceeded to consideration of the amendments made by the Standing Committee on Transport and Communications to Bill 12, an Act to amend the Railway Act.

Hon. A. K. Hugessen: Honourable senators, I move concurrence in the amendments made by the Standing Committee on Transport and Communications to Bill 12, an Act to amend the Railway Act.

Hon. Mr. Stambaugh: Honourable senators, I move that these amendments be not now concurred in, but that they be referred to the Committee of the Whole for consideration forthwith.

The motion of Hon. Mr. Stambaugh was agreed to, and the Senate went into Committee on the amendments.

Hon. Mr. Beaubien in the Chair.

On Amendment 1:

1. Page 4, lines 26 to 29: delete paragraph (b) and substitute the following: "(b) may, in addition, specify class rates between specified points on the railway and when rates are established in groups the rates to or from individual points in the groups may be higher or lower than the rates specified under paragraph (a)."

Hon. Mr. Hugessen: Honourable senators, perhaps I may be allowed to explain this amendment, which is of quite minor importance. Its purpose is simply to clarify the language of paragraph (b) of section 329 of the bill, and all counsel concerned, including counsel for the Department of Transport and for the railways, are agreed that the amendment does more clearly express what that paragraph is intended to convey.

Hon. Mr. Haig: I wish to make one observation. The members of the committee can, I think, assure the house that only two of the amendments relate to sections which are of a contentious nature. One—I think, paragraph (f) of section 332A (4)—deals with the preservation of the rights of the Maritime Provinces; the other has to do with the question of a rate of one and one-third the transcontinental rate.

I am not trying to shut off any discussion, but I may say that the other amendments were agreed to by practically all of the solicitors representing the parties concerned. As a matter of fact, the government counsel who drafted the bill admitted that the amendments in some cases were an improvement on the original wording. There are, as I say, only two contentious amendments: the others improve the wording of the bill without changing its meaning.

Hon. Mr. Hugessen: Arising out of what my honourable friend has said, I think I should say there that there is no amendment in the report of the committee affecting the Maritime freight rate provisions.

Hon. Mr. Haig: That is quite correct. There was considerable discussion in committee about that question. I am not taking sides at the moment. All I am saying is that, apart from the two contentious amendments the others merely clarify the wording and have nothing to do with the merits of the measure.

Amendment 1 was agreed to.

On Amendment 2:

2. Page 5, line 22: after "competition" delete "actually".

Hon. Mr. Hugessen: Honourable senators, this amendment deals with section 331 of the bill, which has to do with competitive tariffs. Competitive tariffs are more or less in a class by themselves. They are tariffs which railway companies introduce in cases where it is necessary to utilize them to meet specific competition from road, water or other forms of transport. The companies are also allowed to withdraw them. The subsection as it came to us deals with the regulatory power given to the Board of Transport Commissioners to require the railways to prove to it that the competitive rates are really necessary; and, as honourable senators will see upon reference to subsection (2) of section 331, what they have to show under this subsection is that "(a) the competition actually exists, (b) the rates are compensatory; and (c) the rates are not lower than necessary to meet the competition". The only change we have made is to take out the word "actually", because that might involve difficulties. There may be cases—in fact there are cases—where competition does not actually exist but where the railways know very well that it is potential, that it may exist or will exist in a very short time. Take the case of the competitive transcontinental rates, about which I shall have something to say a little later. These rates have been brought in by the railways for the purpose of meeting water competition between the eastern seaboard and the Pacific coast. It may be that at any particular time there is no actual water competition; that no boats are moving, although the railroads know very well that if they were to raise the competitive rate, steamship owners would immediately jump in and try to obtain the traffic. We felt, therefore, that it was better to eliminate the word "actually" and simply leave in the words "the competition exists". We were told that under its present practice the Board of Transport Commissioners interprets "competition" in relation to competitive rates as being either actually existing competition or competition which it feels is likely to take place, or which may have taken place. This amendment, too, was unanimously agreed to as being an improvement on the bill.

Amendment No. 2 agreed to.

On amendment No. 3:

Page 7, line 35: after "territory;" insert "unless the Board for good cause otherwise orders;".

Hon. Mr. Hugessen: Honourable senators, this and the next amendment are substantially the same. This amendment, which has given rise to a great deal of dispute, relates to section 332B, which caused us in the committee more trouble and gave rise to more discussion than practically all the rest of the bill. Section 332B brings into the Railway Act a new provision to the effect that where transcontinental competitive rates exist, the rates to intermediate points shall not be more than one and one-third of those transcontinental competitive rates.

As I said a few moments ago, competitive rates, in the structure of railway rates, stand pretty well in a class by themselves. It is generally recognized that where there is competition railways have to make special rates to meet that competition and must be as free as possible to make them; and, having made them, they are equally free to withdraw them if they see fit.

This particular section of the bill deals with the transcontinental competitive rates. As honourable senators know, railroad rates between points on the eastern seaboard and points in British Columbia are subject to water competition and, in certain respects, to competition also from railways of the United States. Our railways have therefore introduced competitive transcontinental rates on certain commodities which could as well be carried by water as by railway. There are not very many of these commodities, but they are quite important in the volume of traffic which they provide. Two examples which were cited before us on a number of occasions were steel products and canned goods.

These transcontinental competitive rates relate only to carload lots. A practical result of the introduction of these rates can be illustrated in respect of canned goods, for which the rate from the Atlantic to Vancouver is, I believe, $1.57 per hundred pounds while the regular rate from the Atlantic coast to an intermediate point such as Calgary, for the same goods carried in carload lots, is of the order of $3.25. The result, has been, of course, that complaints have been made from the western provinces—particularly from Alberta, which suffers most—that goods are sent to Vancouver from the Atlantic at a rate very much lower than applies to interior points, say Calgary or Edmonton, several hundred miles further east. The Royal Commission on Transportation took these representations into consideration, and the section of the bill we are now considering is a direct consequence of their recommendation that—as the section before us provides—where there is a transcontinental competitive rate between the Atlantic and the Pacific, the rate to an intermediate point shall not be more than one-third higher than the competitive rate.

Hon. Mr. Ross: That was the recommendation of the royal commission, I believe, not of the Board of Transport Commissioners.

Hon. Mr. Hugessen: I said, the Royal Commission. I am sorry. It is their recommendation which is implemented in section 332B.

Hon. Mr. Crerar: Did the royal commission suggest the limitation that is contained in the amendment now before us?

Hon. Mr. Hugessen: No, it is the suggestion of the Senate committee.

Hon. Mr. Crerar: But did the royal commission suggest the one and one-third exemption that is provided for in this amendment?

Hon. Mr. Hugessen: Yes, it did. Section 332 (b) provides for the one and one-third rule both from the Atlantic to the Pacific and from the Pacific to the Atlantic, and from the Atlantic to intermediate points and from intermediate points to the Atlantic. This section, if it is brought into force, will undoubtedly be of considerable advantage to certain of the western provinces, particularly Alberta. In the case which I mentioned a few moments ago, that of canned goods in carload lots from the East, the present regular commodity rate from Montreal to Calgary, is $3.25.

Hon. Mr. Haig: Let me ask a question here. Is not that rate to Calgary determined on the basis of the transcontinental rate to Vancouver, plus the ordinary rate from Vancouver back to Calgary?

Hon. Mr. Hugessen: That is so. I shall come to that in just a moment. The regular rate from Montreal to Calgary on a carload of canned goods is approximately $3.25. But, by reason of the transcontinental rate to Vancouver, Calgary does not actually pay $3.25; it pays the transcontinental rate to Vancouver plus the local rate from Vancouver back to Calgary, which makes the rate slightly less than the direct rate from Montreal to Calgary. The railway companies, of course, do not insist upon the shipper shipping the car to Vancouver and back to Calgary, which would be absurd; so Calgary does get a slight benefit by reason of the existence of the transcontinental rate. I think Calgary actually pays about $2.97 per carload on canned goods. If this amendment

goes into force, Calgary will pay on that carload one and one-third times the transcontinental rate of $1.57, which as I work it out, amounts to $2.09. In other words, it would be of considerable advantage to wholesalers in Calgary and Edmonton who import goods from the Eastern Provinces in carload lots.

Another effect of this amendment, if it goes into force, will be to institute a very large area in Western Canada to which rates from the East on goods covered by the competitive transcontinental rates will be the same, regardless of the distance. Let me explain. Taking the average of all the goods covered at the present moment by these transcontinental competitive rates from the East to Vancouver, one and one-third times that rate is roughly equivalent to the present ordinary rate from the East to a point near the western boundary of Manitoba, not far from Brandon. In other words, as a result of the operation of the one and one-third rule, which this legislation would bring in, Brandon will not gain anything, but all points west from Brandon to the Rockies will enjoy the same rate as Brandon, regardless of the fact that they may be seven or eight hundred miles or even a thousand miles beyond Brandon.

Hon. Mr. Euler: Would it also help some points in eastern British Columbia?

Hon. Mr. Hugessen: It will help some points in eastern British Columbia, but not very much, because of the operation of this transcontinental rate to Vancouver plus the regular rate back, which I mentioned a few moments ago.

Honourable senators, having given the background of the situation and what section 332B proposes to do, I am sure you will begin to appreciate the reason for some of the vigorous arguments which were addressed to the committee, both for and against this particular section. Honourable members of the committee know my own views about the section. I am not proposing to advance them now; all I am trying to do is to give the house as fair a description as I can of the arguments which were advanced on both sides.

In favour of the section, we received the strongest of representations from the Province of Alberta and, to some extent, from the Province of Saskatchewan. The latter province, was not too greatly concerned, because at least the eastern part of that province will not gain very much from the application of the one and one-third rule.

The reasons given by the proponents of the section were more or less these: first, that this section will carry out the recommendations of the royal commission—which is perfectly true; and second, that it will remedy the injustice under which the west has suffered for a number of years, namely, of seeing goods from the East going through to the Coast at much lower rates than to the places through which they passed. Here I would again refer to the example of canned goods. The third argument presented by the proponents of this section, and one which impressed me, was a reference to the condition which exists in the United States. In that country there is, I am told, what is called the Spokane Rule, which was introduced by the Inter-state Commerce Commission a number of years ago. I am not sure whether that rule is sanctioned by legislation in the United States or whether it is merely a rule of the commission; but under the Spokane Rule rates to intermediate points cannot be higher than rates to the Pacific Coast, unless the Interstate Commerce Commission specifically allows such higher rates.

Those who argued against this section—

Hon. Mr. Burchill: The honourable senator mentioned the provinces of Alberta and Saskatchewan. What about Manitoba?

Hon. Mr. Hugessen: I was coming to those who were against this provision, and I was going to start with the Province of British Columbia. I think it is fair to say that British Columbia opposed this one and one-third rule because it feared that it would lose the benefit of some of the transcontinental competitive rates. In other words, it feared that if the railroads are unable to maintain these transcontinental competitive rates as at present—and they are quite free to abandon them at any time—and as a consequence suffer a great loss of revenue on shipments of goods to the Prairie Provinces, those rates will have to be abandoned, and British Columbia will lose the benefit of them.

Hon. Mr. Euler: Does this one and one-third provision apply to goods and commodities all across the board or only to a select list of commodities?

Hon. Mr. Hugessen: As I endeavoured to explain, it covers only a certain number of commodities. In essence, the only commodities that the transcontinental competitive rates cover are those which could as easily and properly be sent by ship as by rail. There are some commodities to which transcontinental competitive rates do not apply at all. We were given some examples. For instance, apparently, for some reason or other furniture and automobiles going from the East to the West cannot be conveniently or properly or safely sent by ship, so we are not concerned with them.

Hon. Mr. Crerar: Such commodities might be shipped by the Great Northern.

Hon. Mr. Hugessen: Yes, I said that there is competition from the American railways as well.

The second line of opposition came from the Province of Manitoba and from the City of Winnipeg. The basis of their opposition was this. They said: "We are, and historically always have been the distributing centre for the West. What you are doing by instituting this one and one-third rule and by making the rate to Edmonton or Calgary substantially the same as the rate to Winnipeg, is to work us an injustice, to cause us to lose the geographical advantage which we now possess through being closer to the East than Edmonton and Calgary are."

The Canadian Pacific Railway also objected to section 332B. Their objection was based on different grounds. They said: "Whatever happens under section 332B, we are bound to lose revenue. Either we abandon the transcontinental competitive rates and lose to the ships the traffic on which those rates now apply, or we maintain the transcontinental competitive rates and lose a great deal of revenue on our shipments to the interior points." But I think the real basis of the Canadian Pacific Railway's objection was to the principle involved in this section 332B. They were afraid of that section because it makes a tie-up between competitive rates and ordinary rates, a tie-up which, if extended in other directions, might work greatly to the disadvantage of the revenues of the railways. Let me explain it this way. There are throughout his country a very large number of cases in which, by reason of competitive rates, the rates to farther points are lower than those to nearer points; and it is the company's fear that, if the regular rate is based upon a special competitive rate in this instance, many other communities that do not enjoy the benefit of competitive rates which they see accorded to communities farther away from the point of shipment, may ask for relief of the kind being granted under this section 332B.

I have mentioned those who appeared before us in favour of the legislation and those who appeared to oppose it. It only remains for me to say a word about the attitude of the Canadian National Railways, which was more or less neutral. They said they did not believe they would suffer very substantial loss of revenue from the one and one-third rule; that they might have to make some adjustments upwards in the transcontinental competitive rates as they exist at present. But it seems to me that the basic thinking of the Canadian National was this. Faced with the Spokane Rule of 100 per cent in the United States, they felt that they were getting away rather well with the one and one-third rule in section 332B.

Hon. Mr. Ross: They are, too.

Hon. Mr. Euler: I should say they are.

Hon. Mr. Hugessen: I have dealt with the representations which were made to the committee, and now I want to turn to what the committee did when faced with these representations. We did not take the extreme step of suggesting that section 332B be deleted from the bill. We maintained the one-and-one-third principle, but we amended the section in two places by inserting in each case the words, "unless the board for good cause otherwise orders". The effect of these amendments would be to allow the Board of Transport Commissioners some discretion to vary the one-and-one-third rule if in any special case it was proved to the satisfaction of the board that rigid application of the rule would cause substantial dislocation and injustice. I must say, honourable senators, that I think these are reasonable amendments.

Hon. Mr. Ross: The honourable gentleman has said that there was considerable controversy in the committee over these two sections. Would he be good enough to let us know how the committee voted on these amendments, how many members voted for and how many voted against them?

Hon. Mr. Hugessen: The vote was seven to four, if I recall rightly, in favour.

As I was saying, honourable senators, I think these are reasonable amendments. After all, this is new legislation.

Hon. Mr. Euler: May I ask if any alternative suggestion to the one-and-one-third rule was made before the committee?

Hon. Mr. Hugessen: No.

Hon. Mr. Euler: In face of the Spokane 100 per cent rule, I thought that somebody might possibly have suggested that the rule here should be somewhat less than one-and-one-third.

Hon. Mr. Hugessen: No such representations were made to our committee, but I understand that before the Royal Commission on Transportation representatives of the Province of Alberta strongly urged that this country should be given something similar to the Spokane Rule. However, that was not urged before our committee. I think it is fair to say that the representatives of the Province of Alberta who appeared before the committee were quite satisfied with what they would get under section 332B.

Hon. Mr. Haig: May I ask my honourable friend if these amendments would give the board power to fix the rate at less than one-and-one-third in any case?

Hon. Mr. Farris: It could do that, anyway.

Hon. Mr. Hugessen: The board has power to do that anyway, because section 332B as it stands at present says that the rate to the intermediate point shall be not more than one-and-one-third the transcontinental competitive rate.

Hon. Mr. Robertson: May I ask my honourable friend a question? The illustration he gave of the rate between Montreal and Brandon was based on the assumption that Brandon was the place beyond which the present rates would be uniform. But if in their wisdom the Board of Transport Commissioners, on the basis of equalization, lowered the rate to Brandon below the one-and-one-third rate, that assumption would not apply, would it?

Hon. Mr. Hugessen: No. This merely applies to the rates between the East and the western provinces as related to the transcontinental competitive rates.

Hon. Mr. Fogo: As they exist at present.

Hon. Mr. Hugessen: I do not know that it would have any effect upon what I was saying.

Hon. Mr. Robertson: Except this, that on the assumption that the one-and-one-third rate was applied where it could be applied, the rates from the East to Brandon and Edmonton could not exceed the one-and-one-third rates, but to Brandon they could be less than one and one-third.

Hon. Mr. Hugessen: Oh, yes. Perhaps I was incorrect in answering my honourable friend. If the Board of Transport Commissioners were to lower the regular rate between Montreal and Brandon, that would have the effect of still further increasing this vast area of territory in which the rate would be the same.

Hon. Mr. Farris: Or of including the railway companies to abandon the transcontinental rates altogether.

Hon. Mr. Hugessen: As I have said, honourable senators, I think this is a reasonable amendment. After all, this is new legislation, and nobody knows exactly what effect it will have or how it will work out in each particular case. Many of those who appeared before us in opposition to it expressed considerable apprehension as to the possible effect it would have on their communities. It was in an endeavour to meet these apprehensions, and to allow the Board of Transport Commissioners to deal with any case of special hardship which might arise, that the committee was prompted to suggest these amendments to the bill. In other words, what the committee has done is to retain the one and one-third rule as a general principle, but to give the board some discretion in its application of that rule. If the amendments suggested by your committee are approved, the position here will be substantially the same as it is in the United States, where as I mentioned a few moments ago, the Spokane Rule is a rule of general application, but one which can be relaxed in special cases if the Interstate Commerce Commission thinks it advisable, just and fair.

Hon. Mr. Vien: Can the board, by the discretionary powers given to it, increase to more than one and one-third the rates to intermediate points?

Hon. Mr. Hugessen: I may put it the other way: The board may retain the present rates, which are more than one and one-third.

Hon. Mr. Vien: But the board has discretionary power to deal with the rule either way?

Hon. Mr. Hugessen: Yes. At the present time the board has power to reduce the rate below the one and one-third. Under the amendment it has discretionary powers, in keeping with the wording of the amendment, "for good cause", in so far as it will serve the ends of justice and equity to do so.

Hon. Mr. Aseltine: What is the meaning of the words "for good cause"?

Hon. Mr. Hugessen: I should think they would be a very strong indication to the board that, the general policy of the one and one-third rate having been set down, it would have to be very careful to make sure that any departure from that rule was fully justified on the grounds of justice and equity.

Hon. Mr. Euler: The board is supposed to do that anyway, is it not?

Hon. Mr. Hugessen: I do not know that I can usefully say anything more on the amendments. I have given as fairly as I can the representations that were made to us, the arguments that were presented on both sides, and the results which the committee arrived at as shown in the amendments now before the house. I think the amendments are just and reasonable, and I intend to support the action of the committee and vote in favour of them.

Hon. Wishart McL. Robertson: Honourable senators, the amendments made by the Standing Committee on Transport and Communications to the bill before the house would

amend the new section 332B, which deals with competitive transcontinental rates, and in accordance with my practice as leader of the government in this house, any observations I make with respect to the amendments made by the committee reflect the opinion of the government. I have had the opportunity of presenting all these amendments to the government and of asking for instructions.

Briefly, section 332B of the bill provides that tariffs naming competitive transcontinental rates shall stipulate that the rates on traffic carried to or from points in intermediate territory shall not be more than one-third greater than the transcontinental rate on the same kind of traffic. This is known as the one and one-third rule.

Competitive transcontinental rates apply on traffic hauled by the railways across the continent in competition with steamships operating through the Panama Canal or direct to Pacific Coast ports. United States railroads carrying traffic into Vancouver also provide competition.

For many years complaints made on behalf of consumers and distributors in Alberta—especially at Calgary and Edmonton—and also in Saskatchewan, have pointed out the anomalies resulting from the these transcontinental rates from Eastern Canada to the Pacific Coast as compared with the normal rates to intermediate points. For example, it would be cheaper to ship certain commodities like canned goods from Eastern Canada to Vancouver and back to Calgary, or Edmonton, than to pay the normal class rate to Calgary, or Edmonton. That is the illustration which the honourable Chairman of the Transport Committee gave to the house. The transcontinental rates, which are low in comparison with rates to intermediate points, are relatively few in number, but they have given rise to bitter complaints and endless debate. Under the present provisions of the Railway Act they have been justified on the same grounds as other competitive rates, and so have escaped the application of the long and short haul clause of the Railway Act, which, in all cases except in respect of competitive rates, prohibits a railway company from charging greater rates for a shorter distance than it does for longer distance.

The whole matter was considered by the Royal Commission on Transportation, which came to the following conclusion:

". . . that when the railways give the trader and consumer at the Pacific coast the benefit of fast railway service at rates that are very little more than ocean rates and thus provide them with two alternate services at almost the same price, the consumers in Alberta and other intermediate provinces are entitled to share in an equitable degree in the beneficial condition thus created by the railways.

The influence of any transcontinental rate from the East to the British Columbia Coast should be carried back in the rates to the intermediate provinces (including points in British Columbia east of the coast) on a basis of not more than one-third greater than the transcontinental rate on the sea coast. This is a logical and simple solution to the matter, one that is readily calculated and applied; it recognizes the influence on Alberta of intercoastal competition, but at the same time does not lead to the extreme conclusion that Alberta should have sea coast rates."

The Royal Commission recommended that the Railway Act should be amended to provide that when competitive transcontinental tariffs are published by the railways, such tariffs shall contain a provision that the rates to or from intermediate territory shall not exceed the transcontinental rates by more than one-third. Section 332B was drafted to give effect to this recommendation. The amendment made by the committee added the words "unless the board for good cause otherwise orders" at the end of paragraphs (a) and (b), subsection (2) of section 332B.

In the opinion of the government this amendment would seriously impair, by reason of uncertainty, the effect of this section. It would raise doubt about what otherwise is a clear statutory direction on the one and one-third rule, and would open the door to many rate cases, leaving it to the board to determine whether the rule should apply.

Our understanding of the amendment is that it means that tariffs naming a competitive rate for transcontinental freight traffic shall provide for the application of the one and one-third rule unless the board for good cause otherwise orders. This appears to be an open invitation for applications to the board for relief from the application of this section and for an interpretation of the phrase "for good cause". What other results would flow from this amendment are at the moment not clear.

Honourable senators, this matter has been given careful consideration by the royal commission and by the government. We are in accord with the views expressed in our own committee that the application of this section as it stood before amendment will give relief to the western provinces which have complained of the discrimination against their shippers and consumers, and at the same time will not be unfair or prejudicial to the other provinces, or to the railways.

For these reasons the government is not in favour of the amendment.

Some Hon. Senators: Hear, hear.

Hon. W. A. Buchanan: Honourable senators, coming, as I do, not only from a province which has been frequently mentioned in

connection, but from a part of Western Canada which is vitally interested in the bill, I feel that I should say something about the amendment now before us.

I am not a lawyer, nor am I otherwise specially equipped to interpret language of this kind, but it is my conviction that if this amendment is incorporated in the bill it will destroy the purpose of the section. The clause as it stands is a statutory provision, but if you add the few words that are proposed, the Board of Transport Commissioners will be empowered to decide whether or not this one and one-third rule is to be applied. On that ground, if for no other I am opposed to the amendment. We in Western Canada have fought for years against freight-rate discrimination, which, we have felt, affects our province rather more than some other parts of the country. In this bill we see relief coming to us through legislation, based on the report of the royal commission, making statutory provision that the one and one-third rate shall apply to intermediate points in respect of what are called transcontinental competitive rates. I do not want to see that provision destroyed, and I am going to vote against the amendment.

May I say something, and briefly, in regard to the history of this agitation. It goes back many years. What is known as the Rowell-Sirois Commission was appointed and heard a great deal of evidence in respect to freight-rate discrimination. More recently another royal commission, whose report is before us, was appointed. It was headed by a judge whom I have known during practically all the years I have lived in Western Canada, and who is recognized as one of the ablest jurists this country has even known. He has presided over several commissions, and I question whether any other member of the judiciary has so intimate a knowledge of transportation matters. Unequestionably he is a most impartial man. The commission over which he presided received evidence from all over the country.

Alberta presented its case. But Alberta's case was not accepted and recommended—by no means. The province's representations will be found at page 99 of the report. What the commission proposed, and what we are now discussing—namely, this one and one-third rate—did not originate with the Alberta representatives. As a matter of fact this rate will not be so helpful to Alberta as its own proposal would have been, because Alberta's suggestion was more or less along the line of what has been termed the Spokane Rule. Those of us who live in Alberta know a good deal about it. It has been argued in our chambers of commerce and other bodies that a rule similar to the Spokane Rule should be made applicable in Western Canada; and, as I have said, Alberta's case as presented to the commission was that something along that line should be adopted.

The chairman of the committee, in submitting the report and referring to the attitude of the Canadian National Railways, hinted or intimated, I believe, that they had in mind the thought that the alternative would be the Spokane Rule. But in the bill it is proposed to apply what is now called the one and one-third rate; and I want that to stay in the bill, unaffected by any alteration whatever. I feel that if this amendment should be adopted, everything would be wide open again; there would be frequent hearings before the Transport Commissioners, and it would be argued that there was no statutory reason why they should not do this or that or the other thing. We would be involved in continual arguments before the board. To remove that possibility, I want the bill to state exactly where we are in this matter of rates. The recommendations of a commission which has spent as much time in examining transportation matters as the Royal Commission on Transportation has, deserve our serious consideration, and we should be very careful about repudiating them. If any are to be rejected, it should be only for really good reasons.

I remember that when the report was published, many of its recommendations were received with general acclaim, not only throughout Western Canada, but in other parts of the country as well. Perhaps, however, I should confine my remarks to Alberta. I feel that this particular recommendation is going to provide some relief to parts of Western Canada, and while the provision recommended will not give the measure of relief sought by Alberta, it is being accepted now because it is the only relief available.

I could give the Alberta viewpoint by quoting from the report of the Royal Commission and from the evidence given before the Senate Committee, but I shall not do that I shall simply say that we consider this suggestion from the royal commission as more or less a compromise to meet conditions that we know to exist in the area affected. I did not rise to carry on the debate at length, and I do not intend to go into a lot of material that I could read. Those who acquaint themselves fully with the position taken by Alberta will find that the proposal made by that province before the commission was far apart from the commission's recommendation. However, Alberta is accepting that recommendation, and I feel sure that I am expressing the viewpoint of

many parts of Western Canada, including Alberta, when I say that there should be no interference with this statutory provision.

Hon. John T. Haig: Honourable senators, perhaps it is poor tactics to rise now, but I want to say a few words at this stage of the debate. The question before the house is a difficult one. The royal commission has recommended the policy of equalization of freight rates across Canada, and that is what this legislation attempts to promulgate. Let us see how it endeavours to accomplish this. It is said that under this legislation there are certain exemptions from equalization. I agree that this is so, but I would point out that these exemptions or exceptions existed before this legislation was drafted. The Maritime freight rates, the Crowsnest Pass rates and our international rates are all exceptions, and this legislation suggests that they remain in operation. This may be in contradiction to the recommendation that there be equalization, but it is a recognition that our country has grown up under these exceptions. Incidentally, I want to say that I never missed a meeting of our committee, that I never was late for meeting, and that I never left a meeting before it completed its business. The chairman and the vice-chairman of the committee will readily admit, I think, that I did my share of cross-examining of witnesses who appeared before the committee.

Equalization is the policy recommended by the commission. I would point out, however, that even if the one and one-third rule were omitted altogether, at least 50 per cent of the present tariffs coming under this legislation would not be affected at all. In other words, all we are dealing with is probably 50 per cent of the transportation business of this country.

None of those in favour of equalization have argued more strenuously than the people of Manitoba, Saskatchewan, Alberta and British Columbia. In Western Canada they have argued in season and out of season, talking over fences, and anywhere else. They have been in favour of equalization—and that is what the commission recommended. Then along came the people of the Maritime Provinces, maintaining that they were operating under a certain agreement made at the time of confederation. They argued that the benefits under this agreement were given to them to make up for certain losses they would incur as a result of confederation. There is no question that the large and profitable trade our Maritimes enjoyed with the eastern United States was lost as a result of confederation; and so the Maritime freight rates were brought into effect to help the industries of the Maritimes to compete with those of Ontario and Quebec. I do not think any of us can challenge this argument, and from my own observation and from talking with members from the Maritime provinces I am persuaded that that condition still exists, and that those rates are still needed to put the Maritimes on even a reasonable equality with the rest of Canada.

Let us deal now with the Prairie Provinces. There is no doubt that the Crowsnest Pass Agreement is of immense value to the producers of the three Prairie Provinces in particular, and is of some value to the producers of British Columbia. Our four western provinces have advocated equalization of freight rates right from the start, fighting for it before the Board of Transport Commissioners all year round. As a matter of fact, sometimes I thought they were just wasting the money they were paying counsel.

Hon. Mr. Horner: Money paid to lawyers is never wasted.

Hon. Mr. Haig: It depends who the lawyers are.

Hon. Mr. Roebuck: Would the honourable senator from Winnipeg (Hon. Mr. Haig) summarize the Crowsnest Pass Agreement for us?

Hon. Mr. Haig: It is simply an agreement that a rate of 20 cents a hundred pounds will apply to grain originating in Western Canada and being shipped to Fort William.

Hon. Mr. Roebuck: From any point in Western Canada?

Hon. Mr. Haig: It depends on the distance, of course, but that is the basic rate. The regular rate would be 41 cents.

Honourable senators, this section introduces an exception to the equalization of freight rates right off the bat, and I say to the honourable senator from Lethbridge (Hon. Mr. Buchanan) that within a very few years we shall see parties writing exemption after exemption into this legislation in the hope of getting votes at coming elections. As honourable senators can see, even before this statute has been passed they have started writing exemptions into it. Somebody said to me the other day, "You are voting for the Maritimes and you are also voting for the continuance of the Crowsnest Pass Agreement. Why don't you kick out the Crowsnest agreement and have equalization all over?" Well, I have stated my position. The Honourable senator from Bruce (Hon. Mr. Stambaugh) said the other day, "This means that whereas we used in Alberta to pay $7 on the standard rate, we shall now pay only $3.25". Well, of course, any exemption means that somebody will benefit. I admit that the

number of articles covered by the transcontinental rate will not seriously affect the province of Manitoba, and I am wholeheartedly behind the equalization of freight rates.

I want to remind my Ontario and Quebec friends that we have always felt those provinces never paid their share of the shot as far as railroads were concerned. That was because of their geographical position, I admit, but on the whole we felt that if there had been a nearer approach to equalization we would have got a fairer deal. But no sooner were we granted equalization by the board than exceptions were put in. Largely they applied to Alberta, though they do apply also to Saskatchewan. But there are no manufacturing centres in that part of the country.

In my province the legislation will affect manufacturing industries in the cities of Winnipeg, Saint Boniface and Portage la Prairie. Those cities were built up by manufacturing commodities which were shipped through the west.

Hon. Mr. Buchanan: You are not opposed to the development of industries in Alberta?

Hon. Mr. Haig: No. In time there will be more industries in Alberta than in any other province. With the natural resources it possesses, Alberta cannot go wrong, even with a bad government.

Now, I do not care what any railroad man says, the minute this bill is passed and the one-and-one-third rule becomes effective, the transcontinental rate to Vancouver will go up. Make no mistake about that. It is all right for some people to say it will not go up, but it is bound to go up—how far will depend on exactly how much freight the railroads carry between Winnipeg and Vancouver at less than the regular rate by reason of this one-and-one-third fare. If my friend from Edmonton (Hon. Mr. MacKinnon) thinks he is going to benefit from the one-and-one-third rule, I suggest to him that by the time the Board of Transport Commissioners gets through examining the whole problem the people of Alberta will still be paying the same freight rates, on the average, as they are paying now. Take steel, for instance. The rate to Vancouver will have to be increased to enable the railway companies to carry it at the one-and-one-third rate to Calgary and Edmonton. It is mathematically impossible to have it otherwise. I spoke to a man who is said to be one of the best experts in America on rates, and he said: "If this section is adopted we shall lose money in some sections, and the rates in other sections will have to be raised to make up the loss". There may be slight reductions in some provinces. Saskatchewan and Alberta may get a little relief, but very little.

If I had it within my power I would have voted this section out altogether. That was my personal feeling, and it still is. I am not saying that to influence anyone else. My point is that we should not pass a bill which in one section equalizes rates and in the very next section destroys the equalization.

In the committee I voted for the amendments. I may be offending some of my friends in saying this, but honestly, all that the committee is doing in these amendments to section 332B is saying to the Board of Transport Commissioners that the board should not vary the effect of the section unless it deems it necessary to do so in order to avoid hardship in certain instances. Now, the board is composed of reasonably sensible men, I hope—at least, I have always thought they were—and I can see no real objection to these amendments to the section. I say to you, honourable senators, that I shall sleep soundly tonight if this section is amended as suggested by the committee; and I shall sleep soundly if the section is left as it was when we received the bill. I am positive that the people whom I have the honour to represent in this house will not lose much sleep either, whether we amend the bill as proposed or not.

I believe that Alberta would have been getting off very well if the section were not changed, but I do not think the amendment would make much difference even to that province. The senator from Lethbridge (Hon. Mr. Buchanan) says, in effect, that his province would prefer to rely upon the statute rather than upon the opinion of the Board of Transport Commissioners. Well, if we feel that way we should specify all the rates in the statute, and say that Manitoba, Saskatchewan, Alberta and British Columbia shall not pay higher rates than Ontario and Quebec pay. Then we from the West would all vote for the bill. But, would a bill of that kind be fair? We have to take into account the geographical contours of the country. We must remember that Ontario and Quebec have waterways all around them, that the great centres of population are in these provinces, and that they are closer to the big markets for the goods they produce than the other provinces are. Then, too, the weather in the central provinces permits much more effective motor truck transportation throughout the year than is possible on the prairies. I know that Alberta used to boast about its wonderfully moderate temperatures, but in the last couple of years they have been acting up a bit occasionally, and I think the railways are still essential out there.

Some members of our group over here feel that the western half of Saskatchewan will benefit from this legislation, if any benefit

does come from it, and that the eastern half will lose, if any loss is suffered. As to Manitoba, about one-quarter of the province might get a litle help from the measure, and the other three-quarters will not be helped at all. Well, three-quarters are bigger than one-quarter, so I know how I am going to vote. If I were allowed to make a suggestion to the senator from Rosetown (Hon. Mr. Aseltine) and the senator from Blaine Lake (Hon. Mr. Horner), it would be that they toss a coin to decide how they should vote.

Hon. Mr. Aseltine: We will vote with Alberta.

Hon. Mr. Haig: Well, I shall not lose any sleep if you vote with Alberta. I think that what is being offered us here is a kind of compromise. Alberta might get some sentimental satisfaction if its position is upheld, but in Manitoba we are not being fooled for one minute by thinking that we shall get much relief or suffer much injury whatever decision is made on the matter here.

Hon. Mr. Buchanan: Let us not take any chances.

Hon. W. D. Euler: Honourable senators, I am not a member of the Standing Committee on Transportation, and though I attended one or two of its meetings I am not as familiar as I should like to be with the details of the bill. I rise only to make a few observations, but not in the hope that anything done here will enable me to sleep well tonight or any other night.

First let me say that I agree with the leader of the opposition (Hon. Mr. Haig), that while the purpose of this bill is to establish equalization of rates, that purpose is not attained.

Hon. Mr. Farquhar: I cannot hear you back here.

Hon. Mr. Aseltine: Wait till he gets warmed up.

Hon. Mr. Haig: Say something against margarine and then you will be able to hear him.

Hon. Mr. Euler: There does not appear to be much cause for me to get very warm about this. I cannot see that it holds out any great advantage for my province of Ontario. It is not possible to bring about real equalization of rates by this measure, because the bill does not do away with an already existing exception to equalization. I refer to the Crownest Pass rates. I may say without exaggeration that as a member of the House of Commons I had something to do with the continuing of those rates, some thirty years ago.

Hon. Mr. Asletine: 1922.

Hon. Mr. Euler: When the rate structure has such exceptions as the Maritime Freight Rates Act and this one and one-third rule, it does not result in true equalization. Perhaps we are trying to get as near to that as we can; the exceptions may be necessary to attain that end and I do not quarrel with them.

One point concerns me. Can anyone tell me by what means this figure of one and one-third was arrived at? It seems to me to be entirely arbitrary. The Spokane rate, which is 100 per cent, provides that no higher rate shall be charged for a short distance than for a longer distance. I am rather surprised that those who are directly affected, particularly the people from the Prairie Provinces, did not ask for the Spokane rate. How, I ask, did the proponents of the bill arrive at the one and one-third rate?

I wish to say a word with regard to the proposed amendments to section 332B. The bill as presented called for a rate not higher than one and one-third of the transcontinental rate. The amendment would incorporate into the section the words "unless the board for good cause otherwise orders". My friend from Lethbridge (Hon. Mr. Buchanan) is against the amendment for the reason that he thinks the clause as it stands gives some certainty. If I were from Alberta, I would have an additional reason for opposing the amendment. If I interpret the wording correctly, the board instead of reducing the rate below one and one-third might increase it. Perhaps I am reading something into the section which is not intended, but to me it says in good English that the railways may go to the Board of Transport Commissioners and ask for an increase of rates over and above the one and one-third rule. That objection was not expressed by my friend from Lethbridge, but it seems to me a sound reason why he would be opposed to the amendment. I would oppose it on the same grounds.

Further, I repeat that I have no explanation of why the arbitrary rate of one and one-third was arrived at, and that to me is important.

Hon. T. A. Crerar: Mr. Chairman, the purposes of the amendments contained in the bill to amend the Railway Act are several in character, but the important one is to be found in section 332A which declares the national freight rates policy. The only purpose behind that declaration that we have heard of so far, is the policy of equalizing freight rates as far as possible.

I am not blind to the fact that while the idea may be a laudable one, by reason of the character of our country, long distances and competitive factors, it is beyond the

power of parliament or the Board of Transport Commissioners to accomplish any absolute equalization of freight rates. My criticism of the section under review is that, as drafted, it limits the authority of the Transport Board to apply the equalization principle. The most fortunate people in regard to the effect of this legislation are our friends east of Montreal, particularly east of Levis.

Hon. Mr. McLean: No.

An Hon. Senator: And west of Fort William.

Hon. Mr. Crerar: I am not going to debate the point with my friend, but every privilege that the Maritime provinces have had under the Maritime Freight Rates Act is preserved intact by this legislation. The freight carried in that area is a very important segment of the freight business of Canada.

There are other exceptions. Indeed, the Minister of Railways recently informed the Transport Committee—of which I am not a member, but the chairman courteously permitted me to ask some questions—that at least 50 per cent of the total volume of traffic was excluded from the application of this principle of equalization.

Hon. Mr. Haig: Correct.

Hon. Mr. Crerar: Then how is it possible to carry out a policy of equalization of rates, when at the very commencement of the consideration of the matter it is agreed that 50 per cent, or half of the total freight volume, must not be affected by the policy? I submit that it is a sad mistake to hold out false hopes to many people who may think that by these amendments they are going to get an equalized system of freight rates.

I come now to the section under consideration at the moment, and the proposed amendment to it. Our colleague from Inkerman (Hon. Mr. Hugessen) gave a very clear explanation of the purpose of the amendment in the bill. The situation may be briefly summarized this way: By reason of competitive rates we find today that goods shipped from say Hamilton, Ontario, to Vancouver, enjoy a preferred rate. That arrangement was, in the wisdom of the authorities in the past, considered essential, but it has produced certain inequities. As our colleague from Inkerman (Hon. Mr. Hugessen) has stated, the rate from Hamilton to Vancouver on a carload of canned goods is $1.57, while the rate to Calgary is $2.97.

That is, the rate to Calgary was put at a point where the railway could meet the charges arising from the shipment of a carload of goods to Vancouver and their shipment back to Calgary. I assume that Edmonton carries about the same rate. Our colleague from Waterloo (Hon. Mr. Euler) asked the very pertinent question, "What is the basis of this recommendation of one and one-third? Why was it suggested? Why, for instance, should the rate to Edmonton from Hamilton not exceed one and one-third of the rate to Vancouver? Unquestionably, as far as our Alberta friends are concerned, this provision removes or lessens an inequity. But such are the mysterious workings of freight rates, that in removing that inequity it produces another so far as the city of Winnipeg is concerned. Winnipeg cannot benefit at all from the application of the one-and-one-third principle.

So we have an anomalous situation which I may illustrate in this way. Assume that when the amendment to the bill is passed one carload of canned goods is shipped to Winnipeg and another carload is shipped to Edmonton. Relatively speaking, the increase in rates to Edmonton is proportionately much less than it should be on a mileage basis, with the result that an Edmonton merchant will be in a position to take in a carload of canned goods and ship it back as far as Prince Albert in competition with a Winnipeg merchant who, having received a carload of canned goods from Hamilton, also wants to ship it to Prince Albert. I submit that that produces precisely the same sort of inequity as we are endeavouring to remove by the application of the one and one-third principle to Edmonton as against Vancouver.

What is sought to be done through the amendment? All the amendment does—and I am supporting it—is to say that the one and one-third principle shall apply unless the Board of Transport Commissioners, for good cause, otherwise orders. In other words, while the amendment is peremptory and mandatory, in that it requires the board to see to it that these rates will not be exceeded by more than one and one-third in the case of Edmonton as against Vancouver, it gives the board latitude to consider further whether or not there is a good cause why this procedure should not be applied. Clearly it is beyond the power of parliament to study freight rates and to determine what is or what is not equitable. All that parliament can do and all that it should do is to lay down principles to guide the board; and from that point of view, I think, the bill would have been a better one had it been much simpler, and consisted simply of a direction

to the board, based on national policy, that as far as possible the board shall enforce equality in respect of freight rates.

Make no mistake about it, these amendments do not solve the question. We shall have interminable arguments before the Board of Transport Commissioners for the next several years when they are considering this matter; and while, unlike my friend the leader of the opposition (Hon. Mr. Haig) I do not care to enter the realm of prophecy, I agree with him that this bill does not solve the question, that it cannot fairly be described as a measure to equalize freight rates across Canada, that it does not equalize freight rates, and that under the powers conferred through these amendments the Board of Transport Commissioners cannot equalize freight rates. Why then should it be called a measure for the equalization of freight rates? We shall continue, no doubt, to have the same sort of controversies before the Board of Transport Commissioners as we have had in the past, but because this amendment of section 332B does give a little more latitude to the Board of Transport Commissioners, I am going to support it. It may justify only a slender hope, but at any rate it is a move in the right direction.

Hon. J. Wesley Stambaugh:. I am going to try to answer some of the questions that have been asked in this discussion. I believe the honourable senator from De Lorimier (Hon. Mr. Vien) inquired why we had not asked for the Spokane rate, which would be 100 per cent equalization. Alberta's representatives did ask for it, but the royal commission did not accept their views; why, I do not know.

I am prepared to admit that the present proposal is not equalization, but at least it is a step in that direction, and it does not prohibit the Board of Transport Commissioners from equalizing freight rates. It merely sets a ceiling, a maximum. It is possible that the reason the Spokane rate was not accepted was a desire to please Winnipeg. The Winnipeg representatives seem to feel rather keenly that they are losing an advantage they have had for years, but at the same time we have been to some extent at a disadvantage. The one-and-one-third rate will give us something we have not had, and the rate to Winnipeg will not be raised, but our rates on transcontinental freight will be lowered.

The honourable leader of the opposition (Hon. Mr. Haig) said he thought that to pass on freight rates was beyond the powers of parliament. I would suggest, if that is so, that is the reason the royal commission was appointed. Let us accept its recommendations without amendment. I think the commission was a very capable body, and it spent a lot of time on this matter. The leader of the opposition prophesies that the transcontinental rates will go up. The solicitor for the Canadian National Railways does not think they will. I do not intend to enter the realm of prophecy by predicting whether they will be increased or not; I am prepared to accept counsel's opinion on this point.

This bill is not limited, and the board can do as it likes about equalization. What this amendment really does is to throw the whole case as regards the one and one-third rate right back in the lap of the Board of Transport Commissioners. As I stated before, the solicitor for the C.N.R. said that they have no objection to the original wording of the bill. He did not say that we need this amendment; but if it passes you can expect the C.P.R. to camp right on the doorstep of the board to get the rate raised on this or that commodity. On the other hand, if we turn down this amendment and pass the original bill, we will take that load off the shoulders of the board in the same manner as we did when we made the Maritime rates mandatory.

The royal commission, which recommended the clause in the original bill was composed of men picked because of their special fitness for the position. The chairman is especially well known for his experience and ability. The commission studied 150 briefs prepared by groups of businessmen right across Canada. Sittings were held in every province. The commission also had the advice of counsel from eight provinces, counsel for the railroads, as well as numerous independent counsel representing the various associations which presented briefs. I want to say that if the counsel from the other provinces were of the same calibre as those from Alberta, they were indeed topnotchers. The royal commission had the best advice obtainable; it spent months studying these rates from all angles; so surely I will be pardoned if I say I would rather take the advice of the commission than that of some honourable senators here who have not had nearly as much experience or chance to study this question as had the members of the royal commission.

Alberta has been discriminated against in the matter of freight rates more than any other province. We pay more freight on the products we ship out as well as on the products shipped in. It would appear that the leader of the opposition (Hon. Mr. Haig) is opposing this one and one-third rate because it appears that on some articles

Alberta might get a better rate than Winnipeg. It may be shocking to Winnipegers that Alberta should enjoy a better freight rate than Winnipeg, but if this does happen it will be the first time.

It has been stated that the Crowsnest Pass rate, which gives us cheap rates on our grain, makes up for the high rates we pay on other commodities; but Saskatchewan and Manitoba enjoy the advantage of the Crowsnest Pass rate, which is for all the western provinces, and is of equal value to Winnipeg as to Calgary. The freight rate under the Crowsnest Pass Agreement is 26 cents per one hundred pounds from Calgary, and 14 cents per one hundred pounds from Winnipeg. In other words, it costs us just about double the amount per bushel to ship grain to Fort William from Calgary that it costs from Winnipeg. They have an advantage over us there, but I do not see how that can be helped.

Hon. Mr. Haig. How many miles is it from Calgary to the waterfront?

Hon. Mr. Stambaugh: About 1,200 miles.

Hon. Mr. Haig. And Winnipeg is about 400 miles.

Hon. Mr. Stambaugh: Yes.

Hon. Mr. Haig: Well, we ought to get a cheaper rate?

Hon. Mr. Stambaugh: Well, you have it. You get a rate of 14 cents.

Hon. Mr. Quinn: It is proportionately cheaper from Calgary.

Hon. Mr. Stambaugh: Winnipeg ships its grain for half the price it costs us to ship ours. It seems to me that the Winnipeggers want to get it both ways.

Mention has been made of our natural resources in Alberta and what a rich province we are; but the benefits from these natural resources are not enjoyed very much by the average Albertan. In the first place, the federal government gave about half of these natural resources to the C.P.R. to help that company build a railroad, not just to serve Alberta but so as to create a transcontinental railroad to British Columbia. As I say, the C.P.R. was given nearly one-half of the richest land in Alberta, including the natural resources. Today the C.P.R. is getting millions of dollars in revenue from those natural resources, and that revenue is not going back into the railroad to reduce our freight rates. Recently the provincial government turned over practically the other half of the available natural resources to American oil companies, all of which means that the individual person in Alberta is not rich. You might say that the C.P.R. has already received one-half of our birthright. Surely no one could begrudge us this one and one-third rate on the transcontinental freight rates.

So I say that we should kill this amendment and leave the rate as recommended by the royal commission, and I am going to move that the amendment before us be not concurred in.

Hon. Mr. Aseltine: Mr. Chairman, is this a proper amendment? Surely the usual procedure is just to vote in favour of or against the amendment when the question is put.

Hon. Mr. Hugessen: I think that is correct. I do not think the amendment offered just now is necessary. All the honourable senator from Bruce (Mr. Stambaugh) has to do is to vote against my motion.

The Hon. the Chairman: I was just about to rule that this amendment is out of order.

Hon. Thomas Vien: Honourable senators, during the course of this discussion the remark has been made that transcontinental competitive rates are iniquitous. In my opinion, transcontinental rates may perhaps be anomalous but they are certainly not iniquitous.

Why do the railways publish transcontinental competitive rates on shipments to Pacific or Atlantic points of destination? The reason is that if they did not do so the traffic would go to water carriers or to other railroads. Transcontinental rates are lower than rates applicable to similar goods consigned to intermediate points. That may seem anomalous at first sight.

Hon. Mr. Roebuck: Is it necessary for the railways to give these transcontinental rates?

Hon. Mr. Vien: Yes, it is. If they did not do so traffic would go to their competitors—water carriers via the Panama Canal, or other Canadian or American rail carriers. If that happened, what advantage would people at intermediate points derive from such a condition?

Hon. Mr. MacKinnon: May I ask the honourable gentleman a question? Did anyone say that the transcontinental rates were iniquitous?

Hon. Mr. Vien: I understood the honourable gentleman from Churchill (Hon. Mr. Crerar) to say that the transcontinental rates had resulted in iniquity.

Hon. Mr. MacKinnon: I did not hear him say that.

Hon. Mr. Vien: I thought I understood him correctly.

Hon. Mr. Campbell: I think he said "inequity".

Hon. Mr. MacKinnon: Yes, "inequity", not "iniquity".

Hon. Mr. Vien: If something causes inequity, is it not iniquitous?

I submit that people located at intermediate points are not injuriously affected in any way. Our freight rate structure contains many other anomalies which cannot be done away with. This very bill freezes again, by law, several anomalous rate groups: for example, the Crowsnest Pass rate, the Maritime rates, etc. It has been said also that the people in Quebec and Ontario enjoy lower rates than those published on similar traffic consigned to other parts of the country. But the territory of Quebec and Ontario has a peculiar geographic situation; it is crossed and surrounded by waterways. If the rail rates in those provinces were higher, much traffic would be diverted to water carriers and some of it to American railroads. Surely our railway companies should be entitled to retain as much traffic as possible for their own lines. And why should Quebec and Ontario be deprived of the advantage accruing from their geographical position? This does not penalize the rest of the country, even if it creates anomalies in our freight rate structure. If by publishing higher rates in Ontario and Quebec our railways lost traffic, the people of other provinces would not be benefited at all. And similarly, people at intermediate points are not penalized because transcontinental competitive rates are published. British Columbia, for instance, gets a benefit by the fact that the rates to intermediate points in that province are a combination of the transcontinental rates plus the local rates back to the point of destination. Who suffers thereby? The rates to intermediate points in that province are lower, and the rates to intermediate points in other provinces are not made higher.

We are told: people want equalization of rates. It was aptly stated by the senator from Churchill (Hon. Mr. Crerar) that 50 per cent of railroad traffic in Canada is excluded from the application of this bill: namely, the traffic protected by the provisions of the Maritime Freight Rates Act and of the Crowsnest Pass legislation; also all traffic moving under other competitive or international rates, or joint through rates, etc. Certain territories, advantageously located, will continue to benefit from tariffs published for the purpose of retaining traffic, and no rate structure can flatten the Rockies or change other geographical disabilities. We should all agree, it seems to me, that the Senate and the House of Commons should not assume the heavy responsibility of fixing freight rates. Parliament may declare a principle of national policy, and at times it has deemed it advisable to do so. Groups of rates have been frozen in our rate structure by law. From many angles the measures which have done this have been found to be detrimental to the carriers and to sections of Canada; from other aspects they are justified. As a former member of the other house, I recall voting there for the reinstatement of the Crowsnest Pass agreement, in 1922, and later, for the Maritime Freight Rates Act. I am still of the opinion that this was in the public interest, but it could be said to be a most unorthodox method of making railway rates.

Notwithstanding the exhaustive inquiry carried out by the Royal Commission and the very full information presented to the committees of parliament which have studied this bill, I am satisfied that we cannot today visualize all the conditions under which this section may be applied. It was for that very reason that, in 1904, parliament created the Board of Railway Commissioners, now known as the Board of Transport Commissioners. Theretofore appeals on rate and other railway matters were heard by the Railway Committee of the Privy Council. It soon became obvious that the cabinet, the Governor in Council, was quite unable to deal properly with such appeals. It had neither the time, experience nor organization to discharge those important duties properly. So the Board of Railway Commissioners was created and given wide jurisdiction. Since then, the board has at all times, I believe, discharged its duties ably, efficiently and in the best interest of all the people of Canada. Its first chairman was the Honourable Mr. Blair, from Saint John, New Brunswick, formerly Minister of Railways. The amendment recommended by our committee purports to give to the board discretionary powers. This is in keeping with the government policy under which the board has been created; it is a wise amendment.

If the iron rule expressed in the unamended section of this bill were enacted, the railways might find themselves obliged to cancel certain transcontinental rates. Who, may I ask, would benefit by such a change? If railway companies found that the loss

sustained by the extension of that maximum to all intermediate points outweighed the benefits derived from the transcontinental rate, they would be compelled either to increase or cancel that rate, without profit to anyone, and the rigidity of this clause would leave them no alternative.

Let us not forget that it is the duty of the board to make sure that competitive rates be compensatory. If, therefore, the board had no discretionary powers and had to apply this iron rule, and the rate were found non-compensatory, the board would have no alternative but to disallow the rate altogether. The Province of British Columbia and the Maritime Provinces would lose the benefit of transcontinental rates, the railways would lose traffic to competitors and intermediate points would have gained nothing whatsoever. The amendment suggested is a wise one. There would be no large amount of litigation before the board, which would use its discretionary powers sparingly and judiciously.

I am in favour of this amendment.

Hon. J. W. deB. Farris: Mr. Chairman and honourable senators, I rise with a little hesitation because speeches already made have clearly enunciated the views that I hold in this matter. However, as the subject is an important one, I think I would be remiss if I did not express my views even at this late hour.

Before I come to the main topic, may I reply to my friend from Bruce (Hon. Mr. Stambaugh) who complained that the resources of his province were being squandered.

Hon. Mr. Stambaugh: I did not say they were being squandered.

Hon. Mr. Farris: You said they were being turned over to the American oil interests.

Hon. Mr. Stambaugh: That does not say they are being squandered.

Hon. Mr. Farris: Then I do not know why you brought it up.

Hon. Mr. Stambaugh: I brought it up because the resources in my province are not being used for the benefit of the people of Alberta to the extent that they should be.

Hon. Mr. Farris: If they are not being used for the benefit of the people, then I would think they are being squandered. All I want to say is that if the people there think the resources are being dissipated—perhaps that is a better word—it is a poor argument to say that compensation for such dissipation should be loaded on to the other provinces of Canada.

Hon. Mr. Stambaugh: I would point out that one of the reasons given for our not needing the freight benefits was that we were so rich.

Hon. Mr. Farris: Nearly everybody thought you were.

Hon. Mr. Stambaugh: I told you we were not. The people of Alberta are not getting from their resources the benefit that they should.

Hon. Mr. Farris: I repeat, if the people of Alberta are not getting the full benefit, that is not a good argument why the burden of freight costs should be loaded on to Manitoba and other provinces.

Hon. Mr. Stambaugh: We used half of our resources to build a railway, and we are asking for a little return.

An Hon. Senator: Order.

Hon. Mr. Farris: Mr. Chairman, I approach this question a little differently from some of the other honourable gentlemen who supported the amendment. I agree with the sentiment of disapproval of the section, but I see no advantage in unduly pressing that objection at this stage. It is undoubtedly the declared policy of the government, it is unquestionably the recommendation of the royal Commission; the measure has been passed by the House of Commons, so I would not at this stage undertake to buck the tide. I have practiced law long enough to know that it is unwise to attempt what is impossible; it only interferes with what one might otherwise do.

I am not here tonight, sir, either to oppose government policy, as it ought to be understood, or to block the recommendations of the royal commission. But I am here to say that it is possible to make some improvements in those recommendations, and I think this amendment has that effect. To the extent that it gives a better application of the principle involved, I think honourable senators might well support it.

In expressing my views I may be regarded as a partisan, for I represent the great Province of British Columbia. Provinces other than British Columbia and the Prairie Provinces

should approach this question with a little more detached mind. It is to them that I particularly address any remarks that I have to make. In doing so of course, I shall, and of necessity, repeat some of the things that have already been said.

I am not an expert on freight rates, but there are principles of rate-making which we all recognize and which, I think, may even again be re-instated. The government of this country by its legislation has declared and proclaimed the doctrine of mileage uniformity. I do not agree with the suggestion that there is inconsistency in the fact that it does not prevail 100 per cent. It is not practical nor wise that it should. In the first place, there is the obvious exception; and it is an old and wise saying that "the exception proves the rule." I refer to the Maritime freight rates. I come from the Maritime Provinces, and I retain a great affection for the country of my birth. I believe I understand their problems, and no one would more gladly support their position if in any way it were threatened. All I would do is to point out to my friends from the Maritime Provinces that British Columbia is the great maritime province in the West, and ask them to extend to our province some of that consideration which has enabled them to bring about what they have accomplished.

Also there is the Crowsnest Pass rate, and this basic exception of competitive rates.

The principle of competitive rates has always existed in connection with rate-making organizations or establishments. But that principle does not mean that you are unjust to one locality because you benefit another. If any unfairness were attempted, there is always the Board of Transport Commissioners to take care of it. But the competitive principle recognizes that there are two types of freight rates. There is the rate in regard to commodities for a community that can be served only by a railway and which alone can justify the existence and operation of a railway. That is the basic type of freight transportation which must justify the existence of the railway and the rates that they charge. Then there is the type of freight which is destined for communities served by water—or sometimes by competing railways, one of which has a much shorter haul—and where a railway cannot meet the water competition on a basis of equality.

What is to be done? If the railway has to depend on competitive rates in competition with water, and the water haulage is much cheaper, the railway just goes out of existence. A railway can be justified as regards construction and operation only on the basis of rates which will enable it to operate at a profit. That is basic. But a railroad may, as a matter of what is called "velvet", offer inducements to attract freight which it could not possibly carry if it had to depend on returns from that source alone to justify its construction and operating costs. I am reminded of the old story of the farmer who raised a good deal of grain which he shipped on a small railroad. He went to the president and said "You ought to give me a pass." the president said "Look, Bill, you have a fine team of horses. If I asked you to drive me to town with these horses of yours, would you do it for nothing?" The farmer said "No, but if I was going to town with the team anyway, and I passed you on the road, you would think me pretty darn mean if I didn't give you a lift." That, in effect, is the principle of the competitive rate. It assumes that the railroad is already constructed and operating, and that its freight rates are such as to permit it to carry on. Over and above that, the railway people say, "Here is a rate which we could not possibly offer under any other conditions than those of cut-rate competition; but as our road is operating, the overhead is provided for, and all the facilities are here, we will carry this freight for merely the expense of the extra haulage; we will make a certain amount of velvet." That is the principle of competitive rates.

If that service is prohibited, what is the result? The railroad is merely deprived of the opportunity to carry those commodities, and provinces with maritime advantages lose the opportunity of getting the benefits of the competitive rates to which, because of their situation, they are entitled. That is all there is to this matter of the competitive rate. My honourable friend who was once a member of the Board of Railway Commissioners has made it very plain.

Then, what about intermediate points? Take the case of Calgary, or Edmonton. These cities have not the advantage of water transport; they are under the necessity of paying rates which support the railroad. Let us suppose that the Canadian Pacific Railway stopped at Calgary. The rates for the Alberta cities would not be any lower than they are

now. However, the road goes on into Vancouver, and the question of competitive rates is raised because of the water advantages possessed by Vancouver. What has Calgary contributed to that condition? On what principle should Calgary urge that we at Vancouver should be deprived of a natural advantage? If this principle were carried to its logical conclusion, the only result would be to prohibit water competition.

I shall not use the precise figures quoted by my honourable friend, because they are rather too complicated for my method of calculation; but let us assume that a certain commodity is shipped to Calgary on a rate of $2, and that that is the rate which would be fixed if the road had never gone further. Then the road goes on to Vancouver; and the rate there would be, let us say, two and a half dollars. But by marine transportation the same commodity could be hauled to Vancouver for 60 cents. Under those conditions no business could be done by the railroads unless, to meet competition, their charge was reduced. The rate need not be brought down to 60 cents, because the time element would take care of part of the difference, but probably it would not be competitive at more than a dollar.

Hon. Mr. Haig: If I may interrupt the honourable senator, the actual rate to Vancouver by water is one dollar, and by railroad, $1.33.

Hon. Mr. Farris: Yes, but for the benefit of my simple brain I am taking even figures, because the accuracy of the figures is not essential so long as the accuracy of the illustration is established.

Let us face this situation. The Canadian Pacific Railway, we will say, has set its rate at $1 to get that extra business. Thereby it can make a little profit and confer some benefit on Vancouver. What harm would that do to Calgary? Wherein would the making of that rate be unfair to Calgary? I say, honourable senators, that on that basis and principle Calgary is not entitled to take any action which would raise the competitive rate into Vancouver. I have no objection to Calgary pressing all it can to get the lowest possible rates, but not on a formula which is bound to result in destroying the natural water advantage that New Westminster, Vancouver, Prince Rupert and other coast points enjoy.

I have the Turgeon Commission report before me. I am sorry that my honourable friend from Waterloo (Hon. Mr. Euler) is not here at the moment because I expected to convert him before I got through. The Turgeon Commission considered this question and said that it would fix the rate at one and one-third. My honourable colleague from Waterloo asks on what basis was that done. Well, I have not heard a single member of this house ever state on what basis that was done, except the honourable gentleman from Waterloo when he said it was on an arbitrary basis. I was not a member of the Senate committee dealing with this problem, but I was allowed to ask questions in committee. I asked Mr. Knowles on what basis this was done, and he said it was done on the basis of compromise. That is the answer he gave me.

Now let us see what the commission says about it. I shall read from the report at page 100:

> The influence of any transcontinental rate from the East to the British Columbia Coast should be carried back in the rates to the intermediate provinces (including points in British Columbia east of the coast) on a basis not more than one-third greater than the transcontinental rate on the sea coast.

Why should this be so? I have not the least objection in the world to the board or to parliament imposing rates on the C.P.R. in favour of Calgary; but do you not see what that means to Vancouver?

Then the report goes on:

> This is a logical and simple solution to the matter, one that is readily calculated and applied; it recognizes the influence on Alberta of intercoastal competition, but at the same time does not lead to the extreme conclusion that Alberta should have sea coast rates.

That is the answer to the honourable gentleman who asked why they do not adopt the American system.

Listen to this, honourable senators:

> It should also have a restraining influence on the railways in lowering rates to meet sea coast competition, because they will know that they can only obtain rates at intermediate points not more than one-third above the rate to the sea coast.

What does that mean? In the first place, who ever heard of anything being needed to restrain a railroad from making lower rates? That is a new one, that a parliamentary provision is needed to restrain the C.P.R. from making rates too low. What is the alternative to that? The very principle enunciated in that statement is that the

C.P.R. is not going to continue these low rates because to do so would affect all its rates on all its commodities in the whole territory east of Vancouver in which this one and one-third rate is going to affect. That is what it is going to do, so that every reduction Calgary gets will be at the peril of the competitive rate. Let us take the illustration I gave—and I stick to the $2. Today the competitive rate to Vancouver is $1, and to Calgary it is $2. If this provision comes into effect, the Calgary rate will be reduced to $1.33. This benefit is not confined to Calgary, but is extended to all the territory east to Brandon, which means that every time the C.P.R. makes a competitive rate for Vancouver it will be sacrificing about one-third of the rates it would otherwise get in the Prairie Provinces.

Hon. Mr. Burchill: Does that principle not apply also under the Spokane Rule in the United States?

Hon. Mr. Farris: Perhaps it does, but the principle of this amendment also applies to the Spokane Rule. I am only leading up to that while I am giving these explanations as to what the effect of this legislation will be. I am not asking my honourable friend from Northumberland (Hon. Mr. Burchill) to vote against the government's policy on the one and one-third.

The honourable senator from Lethbridge (Hon. Mr. Buchanan) spoke about the Spokane Rule, but he did not say a word about the fact that it is provided that under the Spokane Rule the Interstate Commerce Commission has the right to do the very thing that this amendment is proposing. If my honourable friend from Northumberland wishes to cut out the one and one-third per cent and go back to the 100 per cent, wiping out the benefits of this, that is one thing, but manifestly that is not in the discussion that is going on here now. All I am pointing out is that this provision is inevitably bound to be a threat that these competitive rates will be wiped out altogether. If the C.P.R. finds that hauling goods on a competitive rate into Vancouver compels it to lower its rates from Brandon west to such an extent that it is operating at a loss, what is it going to do? Can any honourable senator say other than that it will have to withdraw the competitive rate? Mr. Evans testified before the committees of the Senate and of the House of Commons that that is what will be done. Mr. Chairman, neither you nor I know whether that would happen; the royal commission did not know, nor did the members of parliament, but the threat is there.

Now then, let us come to our amendment. What does it do? Let us face this dispassionately. It does exactly what the Spokane arrangement does. It gives the ultimate decision to the Transport Board but it does not leave it in the discretion of the Transport Board in the ordinary sense at all. The statute remains intact and proclaims that the one and one-third formula is the policy of the government. Now then, we have a Transport Board whose members are appointed by the government of this country, and within the last two or three weeks a new chairman of that Board has been selected. I have not had the pleasure of knowing that gentleman, but every report I have heard about him is to the effect that he is a high-class man who gives every promise of being a credit to Canada in the performance of his new duties.

Some Hon. Senators: Hear, hear.

Hon. Mr. Farris: Have we no confidence in these men? If they are honest and fulfil their duties in a proper and fearless manner, I would ask my honourable friend from Lethbridge whether he is afraid that the Transport Board, limited as it is by this provision, will change the formula "unless for good cause" as provided in the amendment?

The honourable senator from Bruce (Hon. Mr. Stambaugh) predicts that if this amendment passes we can expect the C.P.R. to camp right on the doorstep of the board, and that there will be all kinds of litigation. I ask my honourable friend from Northumberland (Hon. Mr. Burchill) if that has been the experience of the Interstate Commerce Commission in the United States where they have exactly the same provision as this? I would ask honourable senators to consider their own experience in these matters.

Although I am not a member of the Transport Committee I put this question to honourable members of that committee: "What are you afraid of?" This provision says that the formula will not be changed unless the board feels there is good cause. Now, those who are convinced that the one-and-one-third formula is right must believe

that there will not be any good cause for changing it. So what is there to be afraid of. One or two decisions by the board will soon establish a principle and wipe out all fear of litigation, about which we have heard a good deal of talk. On the other hand, if it should turn out that there are some impossible situations, will it not be a good thing to have one escape clause by which you can go to the board and ask to have the situation rectified, or have the board to rectify it of its own volition? Are some of my honourable friends afraid of that? Is it not fair and proper? Let them take either alternative. Either there is a possibility that something which ought to be remedied may arise, or there is no such possibility. In the one case the amendment could do no harm; and in the other case it might be a very good thing to have it there.

I want to repeat what was said by my honourable friend from Inkerman (Hon. Mr. Hugessen). This is new legislation, but can anybody say that possible contingencies are to be disregarded, as though they could never happen? Can anybody say that even the Turgeon Commission had so prophetic a vision of the future as to be able to say that obstacles to the application of the one-and-one-third formula might not be encountered, and that in special cases it might not be wise to have provision for relief? Unless my honourable friends can say that such an eventuality is unthinkable, why are they afraid of this escape clause?

Hon. Mr. Ross: The additional one-third would be sufficient to take care of any case.

Hon. Mr. Farris: My honourable friend is making a more sweeping forecast than I should care to make.

Hon. Mr. Ross: The United States has not got the advantage of the one-third extra rate.

Hon. Mr. Farris: And the United States has not got the disadvantages of it either.

Opponents of this amendment have said that it will give the board power to increase the rate by more than one-third in excess of the transcontinental rate. Of course it will. And some of my honourable friends are worrying about possible litigation. Do they not know that this very formula for the one-and-one-third rate is itself open to constant litigation before the Board of Transport Commissioners? You could go before the board every day of the week, if you could get an audience with them, and argue that we ought to lower the one-and-one-third rate to what they have in the United States. The bill in the form in which it came to us from the other house could give rise to fear of multiplicity of law suits, if there was in the bill any basis for that fear, which of course there is not.

Honourable senators, I am told by counsel for the Province of British Columbia, a distinguished lawyer, that he attended all the meetings of the Royal Commission on Transportation and the question of this one-and-one-third rate was never discussed before that body. That statement cannot be challenged. I asked Mr. Knowles about it in committee and his answer was evasive. It is true that the Spokane system was discussed, but this formula that was recommended in the report was pulled out of the blue. I ask my friend from Waterloo (Hon. Mr. Euler) on what basis he can justify his support of the recommendation which is, as he says, arbitrary.

Hon. Mr. Euler: I did not say I would support it.

Hon. Mr. Farris: Oh, I thought you did.

Hon. Mr. Euler: No. My own opinion was that this recommendation was taken out of the air.

Hon. Mr. Farris: Yes, it was taken out of the air.

It is said to be a compromise. Well, if that is so, what objection can any fair minded person have to it. I make that appeal to honourable senators, not because my province would be vitally affected, but because we are sitting here as judges. What objection is there to this? No one had an opportunity to argue about it before the Royal Commission, because the matter never came up there. What objection can there be to giving to the Board of Transport Commissioners—a tribunal which parliament has set up to adjust freight rates—the freedom to adjust freight rates when, in the board's opinion, circumstances justify an adjustment?

Hon. Mr. Euler: Would my honourable friend recommend that the clause be deleted altogether, and that the matter be left to the board.

Hon. Mr. Farris: I said at the beginning that that was what I felt should be done, but

at this late stage I am not going against government policy, supported by the House of Commons. I say, failing to have the clause deleted—and we could not have that done—at least let us improve the measure as best we can.

Hon. Mr. Euler: Suppose the House of Commons will not accept our amendment.

Hon. Mr. Farris: Perhaps it will not, but we should not be deterred by that thought. I have my own view as to the constitutional limits of what the Senate should do to a government bill. I think we should be very careful before making a very material amendment to a bill brought in by the government, not a decadent government, which is supported by a large majority of the elected house, and which had had the advantage of the opinion of a royal commission. No matter what our personal views may be, we should be very careful. Senator Meighen, when he was here, would not materially amend a government bill in those circumstances. He would thunder against it, and leave the matter to the responsibility of the House of Commons. But as to this small amendment proposed here, I challenge anybody to say that it is in conflict with the recommendation of the royal commission.

Mark you, honourable senators, this amendment was never suggested in the House of Commons, neither was it suggested anywhere else until my honourable friend from Toronto (Hon. Mr. Hayden) proposed it in the committee. So the only consideration it has received at all is the consideration that has been given to it in our committee and in this chamber. That fact imposes a great responsibility on honourable senators.

I am sorry that my honourable friend the leader (Hon. Mr. Robertson) is absent from the chamber at the moment, for I was very much interested in something that he did. Yesterday he referred to the wonderful work done by this committee. This little amendment is the whole crux of the committee's work; my honourable friend knew that well; yet he went out of his way yesterday to express the highest commendation of the careful study and thought that the committee had given to this question.

Hon. Mr. Kinley: The committee were not unanimous.

Hon. Mr. Farris: No, they were not unanimous. There were some honourable gentlemen on the committee—including my honourable friend who has just interrupted me—who I am afraid did not get the full import of the real effect of this. But it was not the minority that the honourable leader was speaking about; he was referring to the fruits of the committee's work. "By their fruits ye shall know them". And the fruits of that committee, after all their study, consisted of the recommendation in favour of this amendment. But today my honourable friend the leader spoke again; and you, Mr. Chairman, if you had listened to him yesterday and again today, and had been so unfortunate as to be blind would have said, "Oh, my, this is the voice of Jacob, but it is the hand of Esau". Then, Mr. Chairman, if you had felt a little farther and got hold of that hairy, clammy hand, you would have known that it was the hand of cabinet unity. That was all that was motivating my honourable friend this afternoon when he did not speak spontaneously from his heart, as he did yesterday, but stood up here and read this rigid thing that was handed on to this honourable Senate.

I say, honourable senators, that there is no reason in the world why we should be concerned with the question of government policy, and above all with the recommendations of the royal commission. Of course we are accepting the royal commission, but does that mean that we are tied hand and foot? Does that mean the Senate should blindly follow word for word the recommendations of the commission? If in our honest hearts we believe that this amendment will improve something that was not pointed out to the royal commission, then it should be passed. If, on the other hand, any honourable senators are of the opinion that it is wrong to trust the Board of Transport Commissioners, and if they think rigidity is the only solution of the question, then they must vote the amendment down. It seems to me that if we look dispassionately at this simple and rational escape clause, that may never be invoked unless some dire necessity arises, the amendment and the committee that brought it in should be supported.

Hon. Mr. Hugessen: I would formally move that the committee now rise, and report progress and ask leave to sit again.

The motion was agreed to.

The Hon. the Speaker: Honourable senators, as it is now 6 o'clock I leave the chair until 8 o'clock this evening.

At 8 o'clock the sitting was resumed.

The Senate again went into committee on the amendments to Bill 12, an Act to amend the Railway Act, Hon. Mr. Beaubien in the Chair.

On Amendment 3 (Continued):

Hon. F. J. Kinley: Honourable senators, the method of proceeding on this bill is somewhat of an innovation. We are in Committee of the Whole, and set speeches are not required, but I have a few comments to make on the clause of the bill affected by this amendment, which is in fact one of the significant clauses of the bill.

Like the chairman of the committee (Hon. Mr. Hugessen) and the leader of the opposition (Hon. Mr. Haig), I had the privilege of attending most of the meetings of the Standing Committee on Transport and Communications. It was a valuable experience. I think all of us were impressed with the complexity of the problem and the ingenuity which railway men must exercise in order to make rates that can be regarded as reasonably consistent and acceptable. It seems to me that, to be a success in this line of work, a man must have had a great deal of practical training, for there are many details with which he can only become familiar through experience in the field. For that reason, I feel that, although we learned a good deal during the committee hearings, we are on a subject with which none of us is too well informed; and, I suppose our opinions must be rated accordingly.

I was struck by one remark made by the honourable senator from Vancouver (Hon. Mr. Farris) this afternoon. He said, "Gentlemen, this legislation is untried. Why not amend it?" That point was put to the minister when he was before the committee. He replied, "I will agree that the legislation is new, but why not try it out, and if you want to make amendments, make them in the face of experience, and not now that the bill is before parliament." I turn to the stenographic record and quote the minister's words. The report reads:

> Hon. Mr. Hayden: Mr. Minister, you said if we changed in any particular the language of this one-third we would destroy the intent of the section. Well, now, that answer would appear to shut the door on the possibility of there being future amendments, because the basis on which we are urging this change at the present time so as to give some discretion to the board would be the basis on which any amendment in the future would be presented to you.
>
> Hon. Mr. Chevrier: No, I do not think it would disturb that, for this reason, that if the fears such as expressed by British Columbia and Manitoba are in effect true, and they prove so after an equalization plan has been put in effect, and after this statute becomes the law—and that will be a matter, as has been explained by many of the witnesses, of some years,—then surely during the time it will be possible to make an amendment.

So it would seem to me that the argument that the legislation is untried is a reason why it should be put through without amendment, and that amendments should wait upon the period of trial and error and experience that is to come. As a member of this committee, I have only a general interest in this section, and I do not think I would have said anything had it not been that our chairman was pretty positive in his opinions; but having served on the committee I thought that I should explain in a simple manner why I support the bill as presented to us and as it came from the other house.

In the first place, this bill is to implement the report of the royal commission, which, having studied this matter for many months, presented its report to the government. To that report the government, after consideration, decided it would give statutory effect. One of the recommendations was the one-third rule, devised to relieve the situation of certain of the interior provinces. The minister told us that before this legislation was introduced it was under deliberation by an inter-departmental committee which gave it a great deal of consideration.

I will read further from the record:

> The Chairman: Yes, they were; counsel for Manitoba and British Columbia strenuously objected to certain provisions.
>
> Hon. Mr. Chevrier: Then I must repeat what I said in the other committee, namely that I would have to object to the proposed change. I would object to it for several reasons: first, an interdepartmental committee spent a great deal of time on drafting this legislation, and considered very carefully the effect of the one and one-third rule. They realized that there would be objections, but after having given it careful consideration, they recommended as the bill is drafted.

So it is evident, as I said, that before the bill was presented to parliament it was the subject of discussion and consideration by a committee of experts.

Another circumstance which made me feel it was my duty to vote for the section was that my experience on the committee impressed me with the complexity of the problem and its numerous ramifications. Almost everything that was proposed was opposed by somebody. It might be said that there were no two minds in agreement from an administrative point of view as to the effect of the bill, or what was the best course to be taken. I reminded myself that this bill had had special consideration in the Commons over quite a period; and it seemed to me that when a highly controversial matter of this kind had been dealt with by representative men from all over the country, who approved its provisions; to have produced a bill which has been agreed to by practically everybody except the spokesmen for certain provinces

who fear they may be injured by the application of this legislation, is an achievement of which the government can well be proud.

Hon. Mr. Aseltine: I would like to ask the honourable senator whether the point we are now considering was ever brought up in the other place?

Hon. Mr. Kinley: Well, I was not in the other house.

Hon. Mr. Aseltine: But you have the report of their proceedings.

Hon. Mr. Kinley: I know, but the report consists of many long documents. We have the statement of the minister: "I say here, as I said in the other committee, that I am opposed to the change."

Hon. Mr. Hugessen: I think my honourable friend will agree with me that in fact the amendment now before us was never suggested in the other place.

Hon. Mr. Kinley: I agree that in its wording the amendment is new, but I believe the idea of leaving the decision to the board instead of giving legislative effect to the one-and-one-third rule was always at the back of the minds of those who considered the bill.

Another reason why I approve of the section as it stands is that in my judgment it is the proper thing to do. I have listened attentively to the speeches this afternoon. They were informative. I was especially interested in the speech of the honourable senator from Vancouver (Hon. Mr. Farris), who in his eloquent way forcibly advocated what he believes to be the interests of British Columbia, and the thought occurred to me that over the years British Columbia has been well represented in the Parliament of Canada. In our committee the representatives of British Columbia impressed me as being alert, and this fact impelled me to think that that province has certainly been getting just about as much as anybody out of the freight service of railways. During his remarks today the honourable senator from Vancouver South (Hon. Mr. Farris) asked, "What have you to be afraid of?" Well, I would put the same question to him. What has he to be afraid of?

Hon. Mr. Farris: I told you today.

Hon. Mr. Kinley: I believe British Columbians fear that the transcontinental rate might be altered in such a way as to prove detrimental to them. The continental rate is made competitive because of waterborne freight and because of competition from American railroads running to the West Coast. These two factors determine what the transcontinental rate will be, and if it cannot meet competition it fails in its purpose. It seems to me, therefore, that honourable senators can be assured that the transcontinental rate will not be interfered with to the detriment of British Columbia. There is no doubt that we all believe in the desirability of export trade. An honourable senator from one of the central provinces has said that he does not see how the legislation will do much for his area of the country. Well, the tremendous amount of goods bought by the rest of Canada from the central provinces puts enormous sums of money into the exchequers of those provinces, and so I really think we are all vitally interested in the freight rate question.

Taking the transcontinental rate as the yardstick upon which other western rates are based, you start with the transcontinental rate and add to it. In this case it was arbitrarily decided to add one-third. If this goes through, it will help Alberta and part of Saskatchewan. Will this not be a good thing for those areas? These two provinces have been arguing for many years that they have been discriminated against in the matter of freight rates, and claiming that nothing has been done to relieve their position. Now, to say that the transcontinental rate might be raised in the future because these provinces are given some benefit now, is not a good enough argument to keep this legislation from being enacted.

Let us turn to Winnipeg. The honourable leader of the opposition (Hon. Mr. Haig) was frank in his remarks this afternoon. He looked at two of his colleagues and said he supposed that because they were on the borderline they would vote for the legislation as it stands, while he would probably vote against it.

Hon. Mr. Aseltine: Do not be too sure.

Hon. Mr. Kinley: Well, the tyranny of our friendships sometimes controls our actions. I do not think any law can be made without somebody being dissatisfied, but I wonder if the industries of Winnipeg would really suffer as a result of this legislation? They are in a little better position than they were, because of the link between Sudbury and Fort William, which will cost the government $7 million annually.

One must remember that the West is growing. When western American centres began to grow it meant that the prosperity of the ports of New York, Boston and Baltimore did not continue to advance as rapidly as before, but at the same time they did not suffer any great loss. They were merely sharing prosperity with the rest of the country. Today there are cities in the State of New York which are opposed to the St. Lawrence Seaway because they fear it will benefit other centres and prove injurious to themselves. Winnipeg may lose its present

monopoly in the distribution trade of the West, but it will have more business than ever before because there will be more trade for everybody. We must not forget that Winnipeg is strategically situated as the Gateway to the West, and there is no doubt that it will maintain its importance in the world of trade.

A great deal of evidence was presented before our committee. Many opinions were expressed, but the most persistent one was that of the chief counsel of the C.P.R. In my opinion the C.P.R. is a well-managed organization of which every Canadian can be proud. When counsel for that company appeared before the committee I suggest that it was his duty to look after the interests of his company, and I think he did that in a most capable fashion. But the main opposition to this legislation came from the C.P.R. counsel, and I almost got the impression that the C.P.R. would be quite satisfied if this bill were emasculated to such an extent that its effect would be completely nullified. I do not say that the representations of the C.P.R. appeared before us in a spirit of selfishness, but I think we should evaluate their presentation as special pleading.

I think I have given all the reasons why I have decided to vote for the legislation as it now stands, but I should like at this time to read from page 247 of the Turgeon Report:

> For many years now it has been a recognized factor of Canadian transportation policy that the hardships arising from our necessarily long east-and-west railway haul have been tempered along the way by four great measures of relief: The Maritime Freight Rates Act in the Atlantic Region, the toll-free canals in Central Canada, the competitive transcontinental railway rates at the Pacific Coast, and the Crowsnest Pass rates in the Prairies.

I think that another great factor in the freight rates structure of this country will be the link between Sudbury and Fort William. Somebody said here that only 50 per cent of the railways will be affected by this equalization. Well, equalization is none the less another step forward. We have the Maritime freight rates, Crowsnest Pass freight rates and the transcontinental rates, all beneficial factors in the freight rate structure of Canada, and equalization will be another beneficial factor in that structure.

The minister appeared before our committee and answered questions. He was firmly questioned by counsel and made it clear that the government would like to see the bill put through without serious amendment and given a trial. For that reason, honourable senators, I am supporting the measure as it came to us.

Hon. Mr. Crerar: May I ask my honourable friend a question? After pointing out that the one-and-one-third rate was recommended in the Turgeon Commission's report, he went on to argue that that was one reason why it should be left in the bill.

Hon. Mr. Kinley: One of the reasons, yes.

Hon. Mr. Crerar: I should like to ask him if paragraph (f) of subsection (4) of section 332A was recommended by the Turgeon Commission. That is the paragraph which excepts Maritime freight rates from any of this process of equalization.

Hon. Mr. Kinley: I think you will find that the Turgeon Commission recommended that the Maritime freight rates should be considered, and that they should not be disturbed.

Hon. Mr. Crerar: Will my honourable friend point out where that recommendation is made in the report?

Hon. Mr. Kinley: I am not prepared to do so at the moment, but if my honourable friend will wait until later in the evening I shall show it to him.

Hon. Mr. Crerar: What my honourable friend read a little earlier was from an historical survey that is given in this report.

Hon. Mr. Kinley: I do not want to delay the Senate now, so I shall try to find that for my honourable friend later.

Hon. A. W. Roebuck: Honourable senators, when I was asked prior to the adjournment whether I intended to speak on this amendment, I said I did not. My reasons were that I am not a member of the committee, I did not attend its sittings, no one by the widest stretch of the imagination could ever term me an expert on freight rates, and I am not specially informed on this subject. I would have no desire at all to influence any person else in this matter, and I certainly do not appear tonight as a teacher. But it is very seldom that I cast a silent vote in matters as controversial as this, so just for my own satisfaction, and not with a view to influencing anyone else, I should like to state for the record why I am going to take the action that I intend to take.

I am going to follow the same course that the senator from Queen's-Lunenburg (Hon. Mr. Kinley) said he would follow. But first may I congratulate the senator from Vancouver South (Hon. Mr. Farris), upon the excellent and exceedingly forcible address that he made this afternoon. He apparently swept almost everything away in front of him, but when I met him during the recess

I said I was not going to do as he would like me to do. He asked "Well, why not?" Here are my reasons.

In the first place, I think the senators from Manitoba and British Columbia are unduly nervous about this legislation, and that it will not result in a lowering of or interference with the transcontinental competitive rate. My thought in that regard is this. That rate is set now because the railways are compelled by water-borne and other competition to set it. They cannot make the rate any higher without losing business, and they are not going to do that, as has been proved by their previous action. So if this measure has any effect, it will result in a decrease in freight rates to intermediate points rather than an increase in the transcontinental competitive rates to British Columbia.

My second reason is that I think that the advance of one-third over the rate charged to one of the end stations is a sufficient extra charge to an intermediate station, and I see no reason why we should allow the railroads by any means—either by an appeal to the Board of Railroad Commissioners or any other way—to make a charge for a shorter haul which would exceed by more than one-third the rate for the longer haul.

I am not much of a person to follow authority. As a rule I stand on my own feet and am not much influenced by what others in authority say. Yet, in support of the bill we have a report of a royal commission, and we have the judgment of the government and of the Department of Transport and its experts. Even the committee itself was divided, seven to four, so there is not much opposition to the original section from that source. The Commons passed the bill without having received even a proposal for this amendment. Therefore, the backlog behind the measure is substantial, and those who propose an amendment have the burden of establishing its soundness. I feel that they have not done so, and in consequence I intend to vote in favour of the bill and against the amendment at this time.

Hon. Mr. G. P. Burchill: Honourable senators, I do not intend to say very much, but I do wish to make a few remarks before the vote is taken.

I listened with a great deal of pleasure and interest this afternoon to the many able speeches on this bill and I gained a lot of information. I especially desire to congratulate the senator from Vancouver South (Hon. Mr. Farris) upon his address, and to tell him, a former New Brunswicker, that I am proud of him. I always was proud of him, but I was prouder of him tonight than ever before. My friend can talk as much as he likes about the qualities of British Columbia, its maritime features and its great natural resources, but I say the greatest asset of that province is the sons and the daughters of the Maritime Provinces who have done so much to develop the resources of British Columbia.

Some Hon. Senators: Hear, hear.

Hon. Mr. Burchill: Although my friend from British Columba made a very able speech, as the senator from Toronto-Trinity has just said, he convinced me that I should vote against the amendment, and I will tell him why.

The Maritime Freight Rates Act and the Crowsnest Pass agreement are matters of statute, placed above and beyond legal interpretation by brilliant minds such as that of the senator who spoke this afternoon. It seems to me that if the Transport Board, of which he spoke so highly, were confronted by persuasive legal talent such as his in support of the argument on behalf of British Columbia, there might be good reason to fear what would happen to the Prairie Provinces.

Some Hon. Senators: Hear, hear.

Hon. Mr. Farris: Thanks for the bouquet, without the vote!

Amendment 3 was negatived on the following division:—Contents, 15; Non-Contents, 26.

On Amendment 4:

4. Page 7, line 49: after "territory" insert "; unless the board for good cause otherwise orders;".

Hon. Mr. Hugessen: Honourable senators, this amendment is similar to the one which has just been voted upon; it would insert at line 49 on page 7 the words that amendment 3 would insert at line 35.

Hon. Mr. Haig: It is the same question. Negatived on the same vote!

The amendment was negatived.

On Amendment 5:

5. Page 8, line 36: after "Act" insert "except section three hundred and thirty-two A,".

Hon. Mr. Hugessen: Honourable senators, this amendment, which is of some importance to the telegraph and telephone companies, received the unanimous approval of the committee.

Hon. Mr. Haig: And also the approval of the solicitors for the department and for the telephone companies.

Hon. Mr. Hugessen: Yes. Honourable senators will observe that the subsection 4 of section 12 provides that the board shall have power over telegraph and telephone tolls in

the same manner as it has power over freight tariffs. The amendment, which would insert the words "except section three hundred and thirty-two A", is designed to take these tolls out of the provisions which relate only to freight tariffs, which are expressed in blocks or groups. This is not the basis upon which telephone and telegraph rates are made. It is therefore necessary to make clear that section 332A does not apply to subsection 4 of section 12.

The amendment was concurred in.

The bill was reported, as amended.

THIRD READING

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

Hon. Mr. Robertson: With leave of the Senate, now.

Hon. G. P. Campbell: Honourable senators, I move, seconded by the senator from Ottawa (Hon. Mr. Lambert), the following amendment:

Page 6, lines 46 to 48 and page 7 lines 1 and 2: Delete paragraph (f) and substitute the following:

"(f) arbitraries and rate groupings applicable to movements of freight traffic so far as such movement takes place upon or over all or any of the lines of railway collectively designated as the "Eastern lines" in the Maritime Freight Rates Act as amended by The Statute Law Amendment (Newfoundland) Act, or"

If you refer to the appropriate section of the bill before you, you will see that the only change in language made by this amendment is, first, to strike out "rates" and substitute therefor "arbitraries and rate groupings", and then add the words, "so far as such movement takes place upon or over" the Eastern lines.

For the benefit of honourable senators who were not at the committee meetings, I think I should briefly refer to the history of this section and the discussions which took place upon it. From my observation of the debate this evening, I assume that all honourable senators are anxious to see the legislation spelled out in particular and exact form, and many honourable senators seem to feel that we should not leave too much to the Board of Transport Commissioners. For that reason I think they will be particularly interested to hear what I have to say about this section.

When the bill was drafted and presented to the other place, this paragraph (f) in subsection (4) was not in it. Apparently it was the understanding of the drafters that the rights of the Maritimes under the Maritime Freight Rates Act were fully protected without having in the Act any such provision as is contained in this paragraph. However, it transpired during the hearings before the committee of the other house that the Maritimes were somewhat concerned as to whether the rights they enjoyed under the Maritime Freight Rates Act were fully protected; and I may add that I think everyone agrees that if any doubt exists there should be legislation to protect the rights they enjoy under that Act. As a result, the amendment which is contained in paragraph (f) was inserted, and when the bill came to us it contained this paragraph. During the second reading I drew the attention of the house to this particular clause, and I pointed out the possibility that it could be construed in a much wider sense than was intended: in other words, rather than simply reserving to the maritimes the rights which they enjoyed under the Maritimes Freight Rates Act; it took them completely out of the provisions of equalization as contained in the bill and enabled them to claim the right to a freight rate on exactly the same basis as they have at the present time. I said I felt that the statute was capable of that interpretation, and that it might be argued that it was the proper interpretation to put upon this legislation. I further expressed the view that, if that were so, some consideration should be given in committee to this section, because I was certain that it was never the intention of the government or the drafters of this bill to extend the rights of the Maritimes beyond what they enjoy under the Maritime Freight Rates Act.

When the matter was being discussed before a committee of this honourable house, questions were directed to witnesses as to the real meaning of this particular section. Mr. Knowles gave evidence before the committee, and I asked him a question or two which, with the leave of the Senate, I will read from the record, page 164:

Hon. Mr. Campbell: You say the intention of this legislation is to have a separate rate across Canada on freight originating within the Maritimes?

Mr. Knowles: Yes, to leave the present rates alone.

Hon. Mr. Campbell: Would that not completely destroy the policy of equalization as enunciated in the bill?

Mr. Knowles: It would, as far as the Maritimes are concerned.

Hon. Mr. Campbell: And it might have a very serious effect upon certain shippers in the central provinces, particularly those from Quebec and Montreal?

Mr. Knowles: If you are talking of rates between the East and the West, no, sir, because the rates between the East and the West are already on a higher basis than the rates anywhere else in Canada.

Hon. Mr. Campbell: But they would not be, after the rates were increased in the central provinces, as they surely would be under this legislation?

Mr. Knowles: Well, I do not know as to that.

Then again at page 165:

Hon. Mr. Hawkins: I am afraid that a misunderstanding is being created here. This bill does not set rates, it is only an authority for equalizing them.

Mr. Knowles: Yes.

Hon. Mr. Hawkins: There is nothing in this that would save us from having to pay a higher rate on shipments from Halifax to Regina if the rate was made higher by the board.

Mr. Knowles: I think you are wrong on that, sir. The way it has been explained to me by the legal gentleman is that this leaves you exactly where you are today.

Then Mr. Matthews, the counsel, was asked:

The Chairman: Perhaps we could get Mr. Matthews' view on that.

Mr. Matthews: Mr. Chairman, there seems to be a little difference of opinion about this among lawyers.

He was speaking of the difference of opinion as to the interpretation of the section.

Hon. Mr. Haig: Will you just read the section that you are referring to?

The Chairman: It is paragraph (f) of subsection (4) of section 332A on page 6 of the bill.

Mr. Matthews then read the section, and followed up with the statement:

The original bill was drafted without that paragraph, and the equalization section was made subject to the Maritime Freight Rates Act. My interpretation of the Maritime Freight Rates Act was that the rates were frozen on July 1, 1927, and could only be increased or decreased as the cost of operations increased or decreased, and we thought that if the bill was made subject to the Maritime Freight Rates Act the position of the Maritimes would be protected. Now, under the Maritime Freight Rates Act the rate is fixed only on the Eastern lines, that is east of Levis. But the representatives of the Maritimes thought they did not have sufficient protection, and that their traffic should be excluded from the equalization sections of the bill. The point may have to be settled in the courts some time. My interpretation would be that on movements from Halifax to Regina the rate to Levis is settled and would not be touched, but that beyond that the regular rate would apply.

Hon. Mr. Campbell: If you changed the language to read "within the Maritimes"—

Mr. Matthews: That then would apply only to local traffic within the Maritimes.

Hon. Mr. Campbell: But it could be spelled out to cover traffic moving west, outside of the Maritimes. Surely we can draft legislation that will express what we have in mind.

Mr. Matthews: Well, that is my interpretation. The point is not clear.

The result of the evidence and the opinion of counsel, including our own Parliamentary Counsel, clearly indicates that the interpretation of paragraph (f) is not at all clear, and that it is likely to be construed in the broad sense which in the opinion of Mr. Knowles was the meaning of the legislation.

In order to clear the point, certain questions were asked of the minister when he appeared before the committee yesterday morning. Although that evidence has not yet been printed, I have a few extracts from it which I think will clearly show the government's intention and the policy which this legislation was intended to express. In speaking about paragraph (f), the following question was asked:

Hon. Mr. Hayden: . . . One meaning it appears to bear in their minds is that it does and could be said to operate beyond or west of Montreal. Now, that was not the intention of the government, was it?

Hon. Mr. Chevrier: No, that was not the government's intention.

This clearly shows that Mr. Knowles' interpretation of the legislation is not the intention of the government, as was definitely and clearly stated by the minister.

And further on:

Hon. Mr. Hayden: . . . I say the suggested interpretation that we have had presented here by various witnesses would give a broader interpretation to the section than the interpretation that you put on it. You have interpreted it as intended to preserve rate groupings and arbitraries and carry as far west as Montreal.

Hon. Mr. Chevrier: Yes.

Hon. Mr. Hayden: The interpretation given here by a number of lawyers who are skilled in this kind of work, and one of the views expressed by our own Law Clerk, is that it is capable of the broader interpretation that the movement of goods out of the Maritimes might carry all the benefits that exist to any point in Western Canada. Now, that was not intended?

Hon. Mr. Chevrier: That is right. I do not think that I should get into a discussion of what it means, other than to say what it was intended to mean.

Honourable senators, it seems to me that if there is one duty cast upon this honourable body it is to see that legislation, before it passes parliament, is clear in its terms and expresses the intention of parliament. We should not pass legislation which is capable of two or three different meanings, and which the solicitor for the department—the one responsible for the drafting of such legislation—says will probably have to be settled in the courts. I think the amendment which I have proposed protects all the rights of the Maritimes under the Maritime Freight Rates Act. It puts them in a position where they can use the arbitraries and the groupings which have heretofor existed within the Maritime Freight Rates Act. It puts them in a position where they can use the arbitraries and the groupings which have heretofor existed within the Maritimes and to all points, from Montreal or Levis, or wherever the new rates start and then they will be on the same basis as Ontario, Quebec and the other provinces across Canada. The minister has clearly stated that it is the intention that the rights of the Maritimes under the Maritime Freight Rates Act shall be reserved, and that they shall not be excluded from the general rate structures which are to be established under the new equalization policy which is laid down under the statute.

Hon. Mr. Farris: Has Mr. MacNeill passed on your draft amendment?

Hon. Mr. Campbell: I thank the honourable senator from Vancouver South for bringing that question to my attention. The members of this house will probably wonder why the committee did not produce an amendment which had been submitted to our Parliamentary Counsel, and which in his opinion, in our opinion and in the opinion of all legal experts, is the intention of the government. The reason that such an amendment is not before the house is that in committee the honourable senator from Toronto (Hon. Mr. Hayden) moved that this section be referred to our Parliamentary Counsel with instructions to draft a clause which would clearly express the intention of the government. I was very much surprised to find that anyone would vote against a motion of that kind, but the motion was lost on division. The result was that the only way in which this matter could be brought before this honourable body was by the introduction of an amendment such as the one I have carefully considered. I do not hold myself forward as an expert draftsman in matters of this kind, and I should not like to assure this honourable house that this amendment adequately covers the situation. I feel, however, that it does cover the situation much better than does the present statute. I should not like to say whether or not we should deal with the matter at this time, but I do urge this house to seriously consider an amendment to this particular section which will express the intention of the government in precise language.

Hon. Mr. Euler: I do not think you answered the question of the honourable senator from Vancouver South (Hon. Mr. Farris). I believe he asked whether our Parliamentary Counsel had agreed with the amendment which you suggest makes the situation perfectly clear.

Hon. Mr. Campbell: I said that there was an attempt to have this section referred to our Parliamentary Counsel for the purpose of drafting an amendment.

Hon. Mr. Euler: But he has never passed on it?

Hon. Mr. Campbell: That motion was defeated, and he has not passed upon my amendment. He has not seen it. Honourable senators, I strongly feel that the Parliamentary Counsel should review this draft amendment, but I am not urging the house to adopt this particular draft amendment. I have made it clear, I think, that the reason I have introduced this amendment is to get the legislation into language which will express the government's intention as expressed by the minister. I am sure honourable senators will agree with me that we should not pass legislation in its present form when there has been so much dispute as to its interpretation.

Hon. Mr. Lambert: May I ask the honourable senator a question with regard to his reference to evidence submitted by Mr. Knowles. I understand him to say that Mr. Knowles agreed that the interpretation of the section under question was that it extended the privileges of the old rates both westbound and eastbound over any line in Canada. I think he also said that that is what was intended.

Hon. Mr. Campbell: You are quite correct. There is a direct conflict between the testimony of Mr. Knowles and that of the minister.

Hon. Mr. Hugessen: Honourable senators, this is a very complicated question, and though I doubt my ability to explain it in such a way as to make it clear either to myself or to the house, in the course of a few minutes I shall try to do so.

The whole question arises out of what happened in the Commons committee when it was considering the question. The bill as originally introduced and as considered by that committee contained no such provision as is found now in paragraph (f) of subsection (4) of section 332A. The Maritime provinces were interested in preserving two things in their freight rate structure. The first was the special privileges which they obtained under the Maritime Freight Rates Act, which in effect gives a subsidy of 20 per cent on shipments of freight out of the Maritime provinces into Central and Western Canada. It was quite clear from the bill as originally introduced that the Maritime Freight Rates Act provisions were expected from it.

But the second thing which the Maritimes wished to preserve was not covered by the Maritime Freight Rates Act. Apparently over the years there has grown up in the Maritimes a special system of groupings of freight rates and of arbitraries over Montreal, as I think they are called, which in effect has given the Maritimes lower rates, on goods flowing both eastward and westward, than they would be strictly entitled to if the rates were calculated solely on a mileage basis. So the point was this. Here was this new bill which proposed to introduce into our rate-making law, by which the Board of Transport Commissioners would be bound, a general principle of equalization of rates based upon distance; and there already existed the system that had been built over

the years and under which the Maritimes benefited, which system would have had to be thrown overboard if this section providing for equalization had remained in the bill without some provision for preserving the position of the Maritimes.

In the committee of the other house there were some very extensive discussions, and it was ultimately agreed that that position of the Maritimes should be preserved. Counsel for the Maritimes, after consultation with the counsel for Department of Transport and with counsel for the other provinces, suggested this amendment which appeared as paragraph (f) of subsection (4) of section 332A of the bill as it came to us. Now, it is true that, as stated by the senator from Toronto (Hon. Mr. Campbell), when our committee was considering paragraph (f) we got different views as to what the paragraph meant, and it is indeed possible that the amendment which he suggests does approach a little closer to what the Maritime provinces really want than does the very general language of paragraph (f) as it now stands. But I want to point out to the Senate that this paragraph has been agreed to after a great deal of consultation, and the interpretation placed upon it by the government was clearly expressed to our committee a day or so ago by the Minister. It may be that the paragraph is capable of a number of interpretations. I myself do not think so. It seems to me that what it does is perfectly clear, but I think it is fair to say that if there is doubt as to what the paragraph means the Board of Transport Commissioners will of course take into consideration the expressed intention of parliament in enacting the paragraph and will govern itself accordingly. It may be that the paragraph could have been better expressed. I do not propose to make any comparison between the paragraph as it now stands in the bill and the paragraph as proposed by my honourable friend, but from a practical point of view it seems to me that if his amendment carries it will throw the whole question back into the maelstrom of discussion, which in the other house has been completed, and which may keep us here, so far as I know, until after Christmas.

May I now give my own opinion as to just what paragraph (f) means as it stands in the bill? It is an opinion which I think I may fairly say was agreed to by a majority of the counsel who appeared before our committee. In the first place, section 332A (1) sets out the general policy of equalization of freight rates. Then subsection (4) provides some exceptions to that; and one of the exceptions, the one which we are now discussing, is that the equalization provisions shall not apply to rates applicable to movements of freight traffic upon any of the lines of railway designated as the "Eastern lines" in the Maritimes Freight Rates Act. Well, if the equalization section of the bill does not apply to the eastern territory, then all that happens is that the Maritime provinces are thrown right back upon the discretion of the Board of Transport Commissioners. There is no statutory right given to them to have their Maritime groupings or arbitraries preserved, but under the section as it now stands the Board of Transport Commissioners has the power to preserve those. And, with all deference, I submit that even though the matter may not be expressed in this measure quite as clearly as it should be, we have to leave a great deal to the discretion and the competence of the Board of Transport Commissioners; and I for one do not fear, what my honourable friend from Toronto (Hon. Mr. Campbell) fears, that the Board will so conduct its affairs as to produce a great inequality of rates between the Maritimes and the rest of the country. For myself, I am satisfied to accept the subsection as it now stands.

Hon. Norman P. Lambert: Honourable senators, with reference to the suggestion of an amendment to paragraph (f) of 332A (4), I think the crux is whether or not the Maritime Freight Rates Act as we have known it in the past, with its provision for a reduction of 20 per cent on the ordinary rate, is now being extended. In other words, the Act, as I understand it, provides that goods may be shipped from the Maritimes westward to Levis, and in some cases farther west, at a reduced rate.

There was a difference of opinion between Mr. Knowles and the learned counsel who appeared before the committee as to the effect of paragraph (f) on Ontario. I make no apology for referring to the Province of Ontario, for under this euphonious title of equalization everyone seems to be talking from the viewpoint of his own bailiwick, so to speak. If we are going to have equalization, let us have it.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Lambert: If the passage of this measure means giving Maritime goods a special rate both east and west, beyond the limits provided by the Maritime Freight Rates Act, then I think we had better look at it more closely.

In the light of statements made by my colleague from Toronto (Hon. Mr. Campbell), if I am in order I should like to suggest the adjournment of the debate to permit the

matter to be referred to our Parliamentary Counsel and whomever he wishes to consult in the matter.

Hon. Mr. Robertson: Honourable senators, I feel that I should say a word about the amendment now before the house.

Unlike the amendments dealt with by the Committee of the Whole, on which I had the opportunity of consulting the government beforehand, it was intimated to me only yesterday that there probably would be an amendment of the character of the one now before us. I have not had the opportunity of seeing the amendment moved by the senator from Toronto (Hon. Mr. Campbell). I do not wish to be discourteous to my friend, only two courses of action are open to me. I could adjourn the debate in order to give the house the benefit of specific instructions received by me from the government, or I could suggest that the matter be dealt with now. I take the responsibility of saying that the government feels that amendments to this measure at this stage would not materially help the situation.

I have heard suggestions from the Maritimes that the bill should be amended because, if carried in its present form, the Maritimes might lose something by it. On the other hand, it has been said that the bill should be amended in such a way that a possible interpretation might give that area of Canada more benefits than the Minister intended it should have. Those are the two extreme views. I would point out to the house that there is a wide divergence of opinion as to how this section should be amended. I am advised that the lawyers worked on it during the week-end with a view to devising an amendment which would be acceptable to everyone, and that they ended up about where they started.

In view of the late stage of the session, and the fact that the Transport Committee considered this bill over a period of fifteen days, I would suggest that the amendment be voted on now and disposed of one way or another.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: If the house sees fit to adopt the amendment, it will go to the other place, where all its ramifications can be considered; if on the other hand, it is rejected, the matter will be at an end.

I do not think that the Senate can, in fairness, be accused of acting hastily in its consideration of this legislation. Without wishing to be disrespectful to my friend from Toronto, I think the amendment should be disposed of now, one way or another.

Hon. Mr. Campbell: May I ask the honourable leader if he would object to having this matter referred to the Parliamentary Counsel to ascertain if it is possible to draft a section which would clearly express the intention of the government as explained by the honourable minister when he was before the committee?

Hon. Mr. Robertson: I do not know that I have any particular objection to the suggestion, but I would point out that I have consulted the Law Clerk two or three times about this measure, and my information is that it is most difficult to reach agreement between the conflicting interests. Had my friend's amendment been offered a few days ago there would have been time to have got the opinion of the rest of the lawyers, as well as the able judgment of the two honourable senators from Toronto.

I do not think I have ever been guilty of pressing legislation through, but it seems to me that the time has come when honourable senators know enough about this legislation to make up their minds one way or the other. Personally, I think the legislation should pass as it now stands, but I am content to abide by the decision of the house. I do not think anything will be gained by delaying further.

Hon. Mr. Euler: There is an old saying, "Fools rush in where angels fear to tread." We have had some eloquent speeches by lawyers; but what I have heard from the honourable senator from Toronto (Hon. Mr. Campbell) does not convey any great compliment to the lawyers, whether in this house or elsewhere, who are responsible for this bill, for it appears that they have been unable either to draft a satisfactory clause or to agree on the meaning of what they have drafted. That, it seems to me, is a reflection upon the legal profession.

Mr. Knowles, whom I do not know, says this this section may mean something which the minister himself says he does not intend it to mean. Perhaps my honourable friend is blameworthy for having introduced this amendment at so late a date, for apparently it can be interpreted as likely to work to the distinct disadvantage of the province from which we both come. Surely, if there are these differences of opinion, it should be possible for members of the learned profession of the law to draft the section in language which will make its meaning unmistakable. As matters are, there is a difference of opinion. Why leave it at that? I do not want to differ from the leader of the government (Hon. Mr. Robertson), but I cannot see why we should not make use of the man whom we pay to give us opinions on the

legislation which comes before this body. No harm could be done by delaying the matter at least until we get the opinion of Senate Counsel.

Hon. Mr. Roebuck: Will the honourable senator tell us what he fears in some interpretation of this clause?

Hon. Mr. Euler: That the rates will be extended to the west. It is not the intention that the Maritime rates shall be extended all the way through Ontario, to the disadvantage of Ontario shippers. I take it that that never was the intention.

Hon. Mr. Haig: Living, as I do, in Manitoba, I am not specially interested in this debate. The question now under discussion occupied a good deal of the attention of the committee. It may be simply stated in this way. The minister said that what he wanted to do was to preserve all the rights which under the present law the Maritimes hold as far as Montreal. The question was put to him by myself and some others. It was also asked of lawyers appearing for various interests. Counsel for the Senate said it was capable of the interpretation which I said could be put upon it, namely that manufactured goods could be shipped, say, from Truro to Montreal as at present, and also that under this legislation the rate now in effect from Montreal to Regina would stand, and could not be changed. Of the other counsel, some were of this opinion; and some thought the section was capable of another interpretation. I then asked the minister, "What do you intend by this section?" He said, "We intend to give the Maritimes all the rights, arbitraries and so on that are now in effect to Montreal, but not west of Montreal.

Hon. Mr. Roebuck: What is the effect of the Maritime Freight Rates Act?

Hon. Mr. Haig: My honourable friend from Inkerman (Hon. Mr. Hugessen) said, and I agree with him, that certain rights had grown up through judgments and otherwise in favour of the Maritimes, and learned counsel for the Maritime Provinces told us that he was trying to maintain these conditions. According to my recollection, what the honourable member from Toronto (Hon. Mr. Campbell) has said is correct. I would suggest to him, however, with just a trace of bitterness, that for the past six or seven years the provinces of Quebec and Ontario have not taken sufficient interest in this freight rates question. In fact, they have absolutely ignored it, and while we in the West and the Maritime representatives in the East have been fighting the battle, the central provinces have left us entirely alone to carry it on. I am therefore not altogether sorry to see Ontario and Quebec being "put up against the gun" because it means that they will have to take more interest in rate problems than they have done hitherto. To my mind the clause as it stands gives to merchants in the Maritime Provinces the right to ship goods to any place in Canada on the same basis as they have shipped heretofore. I also believe, as do the majority of counsel engaged in this matter, that that right will not be interfered with by the present legislation. I asked counsel for the Maritime Provinces, "Why will you not consent to an attempt to draw a bill which will give the shipping rights to Montreal, and no more?" He said "I am satisfied with the present legislation". Had I been a judge, that answer would have been proof positive to me that he thought the bill could be interpreted as covering shipments from Montreal west.

I suggest to the honourable senator that he should not press his amendment. I think that is the view of other honourable senators, although in committee only one member, namely the honourable senator from Halifax (Hon. Mr. Hawkins) who represents a port city that will be affected by the one-and-one-third provision, supported my stand. I recognize that the Maritime Provinces are in a difficult position in regard to freight rates, and if the benefit of the doubt is to be given to anybody I would give it to them. In my opinion it would be as well to delay this matter until tomorrow. I think the honourable senator from Toronto (Hon. Mr. Campbell) should have moved to refer the questions back to committee with instructions to consider the amendment. The committee will sit tomorrow morning in any event. I do not want to be misunderstood. I believe the honourable member has made a case. The leader of the government wants to bring the matter to a vote tonight, and to that I shall not object; but I do not approve of passing legislation as to the meaning of which there is a violent difference of opinion and that, in fact, is what we are asked to do. The issue in committee was decided against us by the casting vote of the chairman. I remember this because I was sitting there, watching the proceedings. He is a very fair-minded chairman, and he was much disturbed about the matter. Finally he announced that he would vote against the amendment. Candidly speaking, I think he was wrong, but that was his judgment.

Hon. Mr. Campbell: May I correct the honourable senator? The vote was against the motion to have the matter considered by the Parliamentary Counsel.

Hon. Mr. Haig: I know, but the point was clear. I know what I was voting for. I was voting to refer this bill to our own lawyer to draft a measure which would carry out the will of the minister as he expressed it. The honourable member from Toronto made much the same speech as he did here, except that it was a little shorter. He said in effect that, taking it all in all, he thought it was better to pass the legislation as it was than to disturb the situation.

Hon. Mr. Euler: Even if it is obscure.

Hon. Mr. Haig: To me it is not at all obscure, I think it gives the Maritime shippers the right to ship all over the country.

Hon. Mr. Euler: But all the lawyers do not think as you do.

Hon. Mr. Haig: That is the opinion of all the lawyers excepting the representative of the Maritimes.

Hon. Mr. Euler: It is not the opinion of the minister himself.

Hon. Mr. Haig: No, the minister did not say that. What the minister said was, "I will express no opinion on the legislation."

Hon. Mr. Euler: He said it might have to go to the courts.

Hon. Mr. Haig: No.

Hon. Mr. Euler: That shows uncertainty.

Hon. Mr. Haig: No; he said he would rely on the lawyers of the department, and he recommended that the bill be passed as it was. The minister was fair. I asked him, "What do you want to give the Maritime Provinces?" and he replied, "I want to give them all the rights up to Montreal." Then it was suggested that this section goes beyond that. He said that it was up to the lawyers to decide this, but that he thought it ought to be passed the way it is.

Some Hon. Senators: Question!

The amendment of Hon. Mr. Campbell was negatived.

THIRD READING

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

Hon. Mr. Robertson: Now.

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

ST. LAWRENCE SEAWAY AUTHORITY BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 33, an Act to establish the St. Lawrence Seaway Authority.

He said: Honourable senators, the object of this bill is to establish an Authority for the purpose of constructing a deep waterway between the port of Montreal and lake Erie. The works necessary for the waterway may complement other works on the United States side of the border, or may provide a waterway wholly within Canada. It is intended further that the Authority should maintain and operate the completed Canadian works of this waterway.

The Authority to be set up under the bill is to consist of a president and two other members, to be appointed by the Governor in Council. They will hold office for a term not exceeding ten years, and will be paid salaries to be fixed by the Governor in Council.

The Authority will be an agent of His Majesty, and will have power to enter into contracts either in its own name or in the name of His Majesty. It will also be enabled to hold property in its own name, and to bring or defend legal actions.

The president will be the chief executive officer, and he will be charged with the direction and control of the business of the Authority. The president may, subject to the provisions of any bylaw, delegate any of his powers to the other two members. The Authority will be authorized to employ such officers and employees as it may determine, and these officers and employees will not be officers or employees of His Majesty. There is provision for a pension fund for the members, officers and employees of the Authority.

The purposes for which the Authority is established are found in section 10 of the bill. This section provides that the Authority is incorporated for the purposes of:

(a) acquiring lands for and constructing, maintaining and operating all such works as may be necessary to provide and maintain, either wholly in Canada or in conjunction with works undertaken by an appropriate Authority in the United States, a deep waterway between the port of Montreal and Lake Erie;

(b) constructing, maintaining and operating all such works in connection with such a deep waterway as the Governor in Council may deem necessary to fulfil any obligation undertaken or to be undertaken by Canada pursuant to any present or future agreement.

Section 11 of the bill provides that the Authority shall, for the aforesaid purposes, have the capacities and powers of a natural person as if it were a corporation incorporated by Letters Patent under the Great Seal.

The Authority is given power to lease lands, property and water power, to borrow money up to a maximum limit of $300 million, and to manage and operate any canals or works similar or related to the works

covered by the Act that may be entrusted to the Authority by the Governor in Council.

The Authority is also given power to expropriate land, and the provisions of the Expropriation Act are made applicable to the exercise of this power by the Authority.

Hon. Mr. Roebuck: Do I understand the honourable senator to say that the Authority can borrow $300 million without specific instructions from or supervision by the executive? Is an order in council required?

Hon. Mr. Robertson: The notes compiled for me are a condensation of a lengthy report prepared by the minister. I would refer the honourable senator to section 13 of the bill, which reads:

> The Authority, with the approval of the Governor in Council, may, from time to time, borrow money from His Majesty or otherwise for the purposes for which it is incorporated, but the aggregate of the amounts borrowed under this Act and outstanding shall not at any time exceed three hundred million dollars.

Hon. Mr. Roebuck: That is fine.

Hon. Mr. Robertson: Perhaps my notes have been unduly condensed, but that was done to save time. My honourable friend from Toronto-Trinity has asked a pertinent question, and I thank him for raising it.

Section 15 gives the Authority power to charge tolls on vessels navigating the canals, and on their cargoes. In the first instance, the Authority establishes the tolls to be charged. The tariffs are filed with the Board of Transport Commissioners, and any interested person may file a complaint with the Board as to unjust discrimination.

Hon. Mr. Roebuck: May I interrupt the honourable leader? I do not want to embarrass him.

Hon. Mr. Robertson: If I cannot answer your question I shall soon say so.

Hon. Mr. Roebuck: Is any power given to the Authority to discriminate as between Canadian vessels and those of other nations?

Hon. Mr. Robertson: No, I think it is expressly set forth that there will be no discrimination.

Hon. Mr. Kinley: I think that is unfortunate.

Hon. Mr. Robertson: The Board will then make a finding on the complaint and report this finding to the Authority. There is provision for appeal, and section 52 of the Railway Act relating to appeals is made applicable to the findings of the Board.

The bill provides that the tolls charged by the Authority shall be fair and reasonable, and shall provide a revenue sufficient to defray the cost to the Authority of its operations in carrying out its purposes, which cost shall include: (a) payments in respect of the interest on amounts borrowed by the Authority; (b) amounts sufficient to amortize the principal of the amounts borrowed over a period not exceeding fifty years, and (c) the cost of operating and maintaining the canals and works under the administration of the Authority, including all operating costs of the Authority and such reserves as may be approved by the minister.

Provision is made in clause 17 to cover the establishment of tolls in case of works constructed by the Authority in conjunction with works undertaken by an appropriate Authority of the United States.

The bill makes provision for financing the costs of the Authority by loans and guarantees. The Minister of Finance, with the approval of the Governor in Council, is empowered to make loans to the Authority out of the Consolidated Revenue Fund or guarantee payment of principal and interest on money borrowed by the Authority. It should be noted that no such loans and guarantees shall be made or given in any fiscal year except to the extent that parliament authorized such loans and guarantees in that year. Parliamentary control over the financing of the Authority is thus ensured.

There is also provision for temporary loans to be made by the Minister of Finance to the Authority, not exceeding an aggregate amount of $10 million. The power given to the Authority to borrow is limited to an aggregate of $300 million, so the amount of the loans or indebtedness shall not at any time exceed this maximum. The accounts and financial transactions of the Authority are to be audited by the Auditor General.

In my humble opinion, honourable senators, the enactment of this bill and of its companion bill, No. 34, entitled an Act respecting construction of works for the generation of electrical power in the International Rapids section of the St. Lawrence river, will mark a major step towards the accomplishment of this long discussed seaway project.

Hon. Mr. Roebuck: May I ask the leader a question? Canada now owns certain properties in connection with canals and so forth on the St. Lawrence. Does this bill transfer ownership in those properties to the Authority?

Hon. Mr. Robertson: I think provision is made for that in the bill that will come before us next, which has to do with the agreement between Canada and Ontario with respect to the development of power.

Hon. Mr. Reid: May I ask the leader if it is intended to send this bill to a committee?

Hon. John J. Kinley: Honourable senators, I should like to say a word or two, arising out of the question asked by the senator from Toronto-Trinity (Hon. Mr. Roebuck). It seems to me that in the development of an important inland waterway of this kind there is a grand opportunity to protect our nationals in the coasting trade. The United States protect their nationals by confining their coasting trade to their own citizens and to American bottoms. I can see how difficulty would arise from charging Americans more than Canadians for the use of the waterway, for the Americans themselves own part of it—the larger of the Sault Ste. Marie canals, for instance, belongs to the United States. But our difficulty does not come from competition with Americans, for their standard of living is at least as high as our own. The difficulty that our merchant seamen and merchant marine have to face comes from the merchant marine of European countries, which have a lower standard of living. That competition has been aggravated by what is known as the Commonwealth Merchant Shipping Agreement, which was passed concurrently with the Statute of Westminster and left us open to competition in our own coasting trade.

It seems to me that this development offers us an opportunity for building up a larger coastal marine service. The coasting trade is closely related to the deep water trade, and unless we have a good coasting trade we cannot hope to have a good deep water trade.

With this new development opening up Canada's waterways as far as Fort William to ocean ships, Nova Scotia, which is at the eastern end of our country, and Newfoundland, which sticks out in the Atlantic, will be about half way between Fort William and Mexico. The coasting trade of the whole North American continent is capable of enormous growth, and it occurs to me that our coasting trade down in the Maritimes should participate in this growth. After all, the former greatness of the Maritimes was due to their greatness on the sea, and if we are to become great again I believe it will be for the same reason. So I look forward to this increase in navigation with considerable enthusiasm.

The leader (Hon. Mr. Robertson) says he does not know that any provision has been made for giving Canadian ships lower rates on the waterway. I believe that American vessels are charged the lowest rates of all vessels that go through the Panama canal. Now, a lot of water will run under the bridge before this seaway project is completed, and in the meantime I think we should bear in mind that if there is one thing we Maritimers should do, it is to see that we get some preference for our merchant shipping in the St. Lawrence waterway.

A greater merchant marine is badly needed in this country. Ship owners have had a difficult time in recent years. I think that the unions who were badly led and got into confusion among themselves did a great deal to damage our marine trade in Canada, and it is not in very good condition at present.

It seems to me that in the immense program which we are carrying on for defence preparations in Canada we are losing sight of the value of the merchant marine. During the last war we were told that the merchant marine was a very important element in the transfer of men and materials to the theatres where they were most needed, and that the country with the best merchant marine was the one that had the best chance to succeed. Under these conditions it would seem to me that while we are building fighting ships and ships of other kinds as part of our defence program, we should also take steps to increase the merchant marine of Canada, which now includes Newfoundland.

In the Maritime provinces there is considerable feeling that the St. Lawrence waterways scheme might work to their detriment. I cannot think that it will. I have had some representations from people down there. These representations could be classed as special pleading, I might say, for they were from people who thought that as a result of this waterways development they might lose employment, and from other people who thought that the iron ore of Labrador should be landed at Nova Scotia instead of shipped through the canal. I certainly agree that we should concentrate the iron ore and steel industry in Nova Scotia, and I hope that in the future we can succeed in doing so.

It must be remembered that we in the Maritimes are closer to the iron mines than is Central Canada. I of course do not go so far as to say we should seal up the St. Lawrence River in order that we may accomplish what we want to in the steel industry in Nova Scotia. We are too independent for that. However, the time is opportune, and I think consideration should be given to the use of the great port of Sydney, which is near the Labrador mines, for use in the defence program. In that way steel could be processed at tidewater and used not only for defence purposes but for export trade as well.

We hear the suggestion at times that the development of the seaway project would be detrimental to the coal industry of Nova

Scotia. I believe that by this means we would have better transportation for coal, and more opportunity to supply the needs of Central Canada.

The proposed St. Lawrence waterway scheme is, I think, essential to the development of the nation. This is a young country that is bound to grow, and it will need more facilities. As its facilities expand more employment will be created, and the result will be better conditions for all.

Hon. Mr. McLean: Hear, hear.

Hon. Mr. Kinley: What is good for us in the national sense will be good for the outlying parts of the country. I believe this project is a great step forward. The Prime Minister of Canada and the Premier of Ontario are to be congratulated on the harmonious manner in which they have worked out the details in the interest of Canada generally. While the United States is at the moment divided in its opinions, we must remember that the St. Lawrence River enters the sea from our country. We, a nation of 14 million people will have our own shipping facilities, and also will be serving the millions in the western United States, although the people of the eastern United States may very well feel that the transportation channel through Canada will be detrimental to their own shipping interests.

I do not think that the St. Lawrence waterways scheme will be detrimental to our port of Halifax. It is a winter port, and the St. Lawrence is closed up for five months of the year. If the trade flows through the St. Lawrence waterway system in the summer months, it may well result in the railways through the Maritimes getting a little more traffic during the winter months. What some now think may be detrimental to Saint John and Halifax, may well work to the advantage of all concerned.

Hon. R. B. Horner: Honourable senators, I have a few remarks to make before the bill is given second reading.

Coming as I do from the Province of Saskatchewan, I am not really convinced that the seaway project will be of any great benefit to my part of the country. Indeed, I am somewhat alarmed that it may slacken the development and enlargement of our shipping through Churchill, a route by which we can reach our chief markets and save a thousand miles. I notice that according to a report, a ship that left Churchill two weeks ago saw no sign of ice in the river or harbour. I am one of those who is firmly convinced that Churchill can handle not 7 million but 40 million bushels of our grain.

I understand that there is to come before the house next a companion bill to this one, having to do with tariffs and tolls. We have in the past heard about the wicked toll gates on the Rhine. This bill, I understand, is for the purpose of collecting tolls to pay for the construction costs of the seaway project and to cover interest on borrowed money. It should be pointed out that the greater part of the produce from Ontario will not make use of the St. Lawrence facilities but will be consumed by the large domestic market. But when the products of the West pass through the seaway, my province, with its small population, will be paying a larger proportion of the cost than will Ontario, and will receive no benefits whatever.

We often hear men of considerable experience remark that without the development of electric power this whole scheme is uneconomic, and that the main object of deepening the St. Lawrence is to secure power. This power will be available and useful chiefly for the development of the Province of Ontario. I do not wish to appear sectional, but this development should be for the betterment of all Canada.

There is a suggestion that the project will be useful in our national defence program. For my part, I hope that long before the development is completed the nations of the world will have come to their senses, and that we will have no need for such facilities for defence purposes.

In conclusion, I just wish to make my position quite clear. I do not think the seaway project will be of any great benefit to the province of Saskatchewan; Manitoba may get some advantages from it; the railways will likely lose some business to the larger ships, and to that extent we in the West will be faced with increased freight rates to make up the loss. That, honourable senators, is the way I feel about the measure before us.

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

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

INTERNATIONAL RAPIDS POWER DEVELOPMENT BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 34, an Act respecting

Construction of Works for the Generation of Electrical Power in the International Rapids Section of the St. Lawrence River.

He said. Honourable senators, the purpose of this bill is to approve the agreement made between the Government of Canada and the Government of Ontario respecting power development in the International Rapids Section of the St. Lawrence River. This agreement was tabled in the house on December 12 last, and is a schedule to the bill which is before us.

The agreement with Ontario has been concluded in the expectation that the United States will not participate in the seaway project, and it has been drawn up on the understanding that the navigation works will be undertaken by the federal government and will be entirely within Canada. It contemplates that Ontario will undertake the power development concurrently with an appropriate agency in the United States. In such circumstances it is desirable that a firm agreement exist between Canada and Ontario in order that Canadian treaty obligations shall be fulfilled, and other interests in Canada safeguarded.

The undertakings on behalf of Ontario are, broadly, to develop the power resources of the international rapids section of the St. Lawrence river concurrently with an appropriate authority in the United States. This is the same plan as was advanced and made part of the Great Lakes-St. Lawrence basin agreement of 1941 between Canada and the United States. However, the agreement provides that this plan may be modified as may be agreed upon between Canada and Ontario.

The Canadian Government, for its part, undertakes to do all in its power to obtain the approval of the International Joint Commission to an application, to be made by Ontario in an acceptable form, for authority from that body to construct the necessary works. Under the Boundary Waters Treaty of 1909, this approval would be necessary since the international rapids section of the St. Lawrence river is a boundary water. Canada's undertaking in this respect is qualified, however, to the extent that its action must be consistent with its obligations under the Boundary Waters Treaty, and that regard must be had for all Canadian interests in the St. Lawrence river.

I will briefly enumerate some of the other more important provisions. First, Canada will transfer to Ontario the administration of such lands belonging to Canada as are required for the project, and Ontario will pay compensation for these, except for lands or property forming part of the existing canal system; second, Ontario will transfer to Canada the administration of such lands belonging to Ontario as are specified by Canada as being required for works to carry a deep waterway in the international rapids section; third, Ontario will establish a commission to safeguard and enhance scenic beauty and historic associations in the section to whatever extent may be appropriate.

It is recognized that before all the arrangements are consummated, as contemplated in this agreement, the Great Lakes-St. Lawrence Basin Agreement of 1941, between Canada and the United States may be approved by congress and by parliament. In that event it would be the intention of the government to reconsider with the Government of Ontario the terms of the agreement signed on December 3 and to modify them in recognition of the arrangements that would then exist between Canada and the United States with respect to the seaway project.

Hon. Mr. Roebuck: No transfer of the canals and properties of Canada is involved in this bill, so apparently the Authority being constituted in the previous Act is without a transfer of the present canals.

Hon. Mr. Robertson: It is stated that Canada will transfer to Ontario the administration of such lands belonging to Canada as are required for the project.

Hon. Mr. Roebuck: But that refers to the electrification project. My question was with regard to the transfer of the present canal system to the Authority constituted in the previous Act; and your answer was that it was taken care of.

Hon. Mr. Robertson: I misunderstood my honourable friend. He refers to that portion of the present canal system which is between Montreal and Lake Erie?

Hon. Mr. Roebuck: Well, Lake Ontario.

Hon. Mr. Haig: They call it the International Section.

Hon. Mr. Robertson: My information is that this relates to the deep waterway between the port of Montreal and Lake Erie. I have no information as to what disposition will be made of the existing canal system as far as this particular Authority is concerned, so I cannot answer my honourable friend's question.

Hon. Mr. Hugessen: If I may interject, I think probably the answer is in clause 14 of the bill, which gives the Governor in Council the power to entrust to the Authority the management of any works upon such terms as he may approve. I suppose that under that provision the Governor in Council could give authority to administer some of the present canals.

Hon. Mr. Roebuck: That is Bill 33, is it?

Hon. Mr. Hugessen: Yes.

Hon. Mr. Isnor: I take it that the canals of the St. Lawrence would not extend to the province of New Brunswick.

Hon. Mr. Robertson: I think the area to which this refers is between Montreal and Lake Erie.

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

REFERRED TO COMMITTEE

The Hon. the Speaker: When shall the bill be read the third time?

Hon. Mr. Robertson: I move that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, December 14, 1951

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

Prayers and routine proceedings.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, before we proceed to the Orders of the Day, I should like to make a brief statement as to our future program. Last night in the other house the Minister of Public Works (Hon. Mr. Fournier) intimated that that house would take up today Bill No. 41, an Act to amend the Dominion Elections Act; Bill No. 42, an Act respecting the National Gallery of Canada; Bill No. 8, an Act to amend the North Fraser Harbour Commissioners Act; Bill No. 43, an Act to amend the Civil Service Act; the resolution of the Minister of Trade and Commerce concerning the provision for short-term credit to grain producers in the prairie provinces; Bill No. 18, an Act to provide for the establishment of an Agricultural Products Board; Bill No. 36, an Act to amend the Combines Investigation Act, and Bill No. 23, an Act to amend the Government Annuities Act.

I presume that hope springs eternal in the other house, but it is certain that prorogation by the end of this week is simply out of the question. In these circumstances I am going to suggest to the house that when we adjourn today we stand adjourned until Monday morning next, at 11 o'clock. There is a possibility that in the meantime great progress will have been made by the other house, in which case I am sure honourable senators would want to be here on Monday morning to consider as soon as possible any bills that have been sent over to us. I think that, with perhaps two exceptions, the bills with which we shall have to deal will not be very contentious in this house, and for the benefit of any senators who may not be present when we resume on Monday morning I would suggest that we proceed with the second readings of bills that are more or less non-contentious and then, if it is deemed advisable, adjourn until the afternoon, at which time we could proceed with such measures as the Combines Bill and the Annuities Bill, if they have then reached us.

There is one other point that I wish to mention. In a minute or so His Honour the Speaker will be reading a message from the other house with a bill to amend the Canadian Broadcasting Act. I am prepared, if honourable members approve, to move second reading and explain the bill this afternoon, but I do not know that anything very practical would be accomplished by that, for the bill could not possibly get to a committee before Monday. Furthermore, I am advised that the Committee on Transport and Communications has not yet completed its consideration of the St. Lawrence Waterways bills that were referred to it last night, and that it is to resume when the Senate rises. So it might suit the house better to have an early adjournment this afternoon in order that the committee may continue its study of those bills without much delay. I am in the hands of the Senate.

Hon. Mr. Haig: Honourable members, if I might make a suggestion, it would be that the second reading of the Canadian Broadcasting Bill be left over until Monday, in order that the Senate may adjourn early and permit the Transport Committee to get on with the two bills now before it. Before I went to the committee meeting this morning I had expected that the bills would be dealt with there in half an hour, but the longer the discussion went on the more interesting it became, and at the time of adjournment it seemed that the whole afternoon would be required to complete consideration of the bills. As to the Canadian Broadcasting Bill, I think that if we discussed it without a break we would do a better job.

CANADIAN BROADCASTING BILL

FIRST READING

A message was received from the House of Commons with Bill 17, an Act to amend the Canadian Broadcasting Act, 1936.

The bill was read the first time.

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

Hon. Mr. Robertson: Next sitting.

TORONTO HARBOUR COMMISSIONERS BILL

REPORT OF COMMITTEE

Hon. Mr. Kinley presented the report of the Standing Committee on Transport and Communications on Bill 9, an Act respecting the Toronto Harbour Commissioners.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred Bill 9, an Act respecting the Toronto Harbour Commissioners, have in obedience to the order of reference of November 27, 1951, examined the said bill, and now beg leave to report the same with the following amendments:

1. Page 1, line 19: after "Act" insert "to control and regulate".

2. Page 1, line 24: delete "in the opinion of the commissioners" and substitute "adversely".

3. Page 2, lines 8 to 16: delete subclause (3) and substitute the following:

"(3) Section twenty-one of the said Act is further amended by adding thereto immediately following paragraph (g) the following as paragraph (gg):

'(gg) when any person, carrying on business for the purpose of processing and/or distributing bulk petroleum products upon and from lands now or hereafter used for such purpose within the port and harbour of Toronto, has been receiving such bulk petroleum products by water into the said port and harbour for such purposes, shall hereafter receive such bulk petroleum products in the said port and harbour through or by means of any pipeline, the corporation may impose upon any such person or upon any other person using such lands for the purpose of processing and distributing bulk petroleum products within the area of the said port and harbour, an annual charge not exceeding the amount of the harbour dues received by the Corporation in respect of transportation of bulk petroleum products by water by such person into the said port and harbour during the whole of the calendar year immediately preceding the calendar year in which alternative transportation by pipeline shall commence, as a compensation to the corporation in whole or in part for the annual loss of revenue sustained by the Corporation by reason of the substitution of transportation by pipeline into the said port and harbour for transportation by water as aforesaid:

Provided, however, that—

(i) the period in respect of which the corporation may impose any such annual charge shall expire on December 31, 1961;

(ii) the annual revenue received by the corporation from any such person for transportation of petroleum products into and out of the said port and harbour by water shall be applied as a credit against any such annual charge;

(iii) if any person shall cease to carry on the business of receiving and/or distributing bulk petroleum products in the said port and harbour for such purposes through or by means of a pipeline, then the said annual charge imposed upon any such person shall cease; and

(iv) the corporation may without by-law enter into agreements with any person or persons for the purpose of fixing and collecting compensation in lieu of imposing such annual charge by by-law;' "

4. Page 2, line 35: after "transhipped" insert "by water".

5. Page 2, immediately after line 42: add the following subclause:

"(7) Section twenty-one of the said Act is further amended by adding thereto the following subsection:

'(5) No rate, toll or charge made under this Act shall be construed as applying to trucks or other vehicular traffic duly licensed by competent authority or to the contents thereof.' "

The Hon. the Speaker: Honourable senators, when shall the amendments be taken into consideration?

Hon. Mr. Robertson: Honourable senators, in the usual practice of this house with respect to amendments as extensive as these—and I consider it a proper one—is to lay them on the table so that honourable senators can become familiar with them. In this case, however, the amendments have been agreed to by the conflicting parties who were represented before the committee. Therefore, in view of the late stage of the session and the fact that these amendments when passed must go back to be considered by the other house, I would move that they be now concurred in.

The motion was agreed to, and the amendments were concurred in.

THIRD READING

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

Hon. Mr. Robertson: Now.

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

The Senate adjourned until Monday, December 17, at 11 a.m.

THE SENATE

Monday, December 17, 1951

The Senate met at 11 a.m., the Acting Speaker (Hon. Mr. Beaubien) in the Chair.

Prayers and routine proceedings.

NORTH FRASER HARBOUR COMMISSIONERS BILL

FIRST READING

A message was received from the House of Commons with Bill 8, an Act to amend the North Fraser Harbour Commissioners Act.

The bill was read the first time.

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

Hon. Mr. Robertson: Honourable senators, I move that this bill be placed at the foot of the Order Paper to be called for second reading later this day.

The motion was agreed to.

CANADA ELECTIONS BILL

FIRST READING

A message was received from the House of Commons with Bill 41, an Act to amend the Dominion Elections Act, 1938, and to change its title to the Canada Elections Act.

The bill was read the first time.

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

Hon. Mr. Robertson: Honourable senators, I move that this bill be now placed on the Order Paper for second reading later this day.

The motion was agreed to.

NATIONAL GALLERY BILL

FIRST READING

A message was received from the House of Commons with Bill 42, an Act respecting the National Gallery of Canada.

The bill was read the first time.

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

Hon. Mr. Robertson: Honourable senators, I move that the bill be placed on the Order Paper for second reading later this day.

The motion was agreed to.

CIVIL SERVICE BILL

FIRST READING

A message was received from the House of Commons with Bill 43, an Act to amend the Civil Service Act.

The bill was read the first time.

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

Hon. Mr. Robertson: Honourable senators, I move that this bill be placed on the order paper to be considered later this day.

The motion was agreed to.

INTERNATIONAL RAPIDS POWER DEVELOPMENT BILL

REPORT OF COMMITTEE

Hon. Mr. Kinley presented the report of the Standing Committee on Transport and Communications on Bill 34, an Act respecting Construction of Works for the Generation of Electrical Power in the International Rapids Section of the St. Lawrence River.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred Bill 34, an Act respecting construction of works for the generation of electrical power in the international rapids section of the St. Lawrence River, have in obedience to the order of reference of December 13, 1951, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Robertson: Now.

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

ST. LAWRENCE SEAWAY AUTHORITY BILL

REPORT OF COMMITTEE

Hon. Mr. Kinley presented and moved concurrence in the report of the Standing Committee on Transport and Communications to whom was referred Bill 33, an Act to establish the St. Lawrence Seaway Authority.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred Bill 33, an Act to establish the St. Lawrence Seaway Authority, have in obedience to the order of reference of December 13, 1951, examined the said bill, and now beg leave to report the same with the following amendments:

Page 2, lines 34 to 39: Delete clause 7.(1) and substitute the following:

"7. (1) The President is the chief executive officer of the Authority, is charged with the direction and control of the business of the Authority, and shall have such other powers as may be conferred on him by the by-laws."

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

Hon. Mr. Robertson: Honourable senators, it is of course the ordinary practice to have amendments such as this printed in our Order Paper before they are considered, but I would suggest that under the circumstances we consider the amendment now. The general object of it, I believe, is to make clear that the president's powers shall be defined in and limited by the by-laws passed by the corporation. On behalf of the government I concur in the amendment.

Hon. Mr. Hayden: Was any substantial amendment made?

Hon. Mr. Haig: There is none other than the one which has been referred to. I may say that it does not change the powers or authority of the president. It merely provides that his powers other than those relating to ordinary management shall be defined in the by-laws and that the by-laws shall be approved by the Governor General in Council. The committee as a whole thought it better to insert this proviso in the statute rather than that the president should retain the unlimited powers he had under the original bill.

Hon. Mr. Kinley: The amendment was unanimously passed by the committee. We felt that under the bill as it stood the powers of the president were too arbitrary, and that he should be subject to limitations defined in the by-laws.

Hon. Mr. Paterson: Will the Senate have an opportunity of expressing itself with respect to the by-laws, or of examining them?

Hon. Mr. Haig: No.

Hon. Mr. Paterson: The by-laws will be framed entirely by the Authority?

Hon. Mr. Haig: It has that power at the present time. The only matter not covered by the by-laws is the powers of the president. As has been stated, under this amendment his powers will be set out in the by-laws, which must be approved by the Governor General in Council.

THIRD READING

The Hon. the Acting Speaker: When shall this bill as amended be read the third time?

Hon. Mr. Robertson: Now.

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

FINANCIAL ADMINISTRATION BILL

FIRST READING

A message was received from the House of Commons with Bill 25, an Act to Provide for the Financial Administration of the Government of Canada, the Audit of the Public Accounts and the Financial Control of Crown Corporations.

The bill was read the first time.

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

Hon. Mr. Robertson: Honourable senators, I move that this bill be placed at the foot of the Order Paper for second reading later this day.

The motion was agreed to.

PRAIRIE GRAIN PRODUCERS' INTERIM FINANCING BILL

FIRST READING

A message was received from the House of Commons with Bill 44, an Act to provide for short-term credit to grain producers in the Prairie Provinces to meet temporary financial difficulties arising from inability to complete harvesting operations or to make delivery of grain.

The bill was read the first time.

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

Hon. Mr. Robertson: Honourable senators, I move that this bill be placed at the foot of the Order Paper for second reading later this day.

The motion was agreed to.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

FIRST READING

A message was received from the House of Commons with Bill 45, an Act to authorize the provision of moneys to meet certain commitments for new equipment incurred by the Canadian National Railways System during the calendar year 1951, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

The bill was read the first time.

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

Hon. Mr. Robertson: Honourable senators, I move that this bill be placed at the foot of the Order Paper for second reading later this day.

Hon. Mr. Crerar: Honourable senators, before the motion is put, I think some protest should be made against the flood of legislation that has just come over to us this morning. I certainly do not wish to hold up the proceedings of this house, but honourable members here have had no opportunity to make even a most cursory examination of these bills before being asked to pass upon them. This is not the manner in which legislation should be dealt with by parliament. The Dominion Elections Bill is one that need not concern this house very much after it has passed the other place, but all the other measures are important, including one—a bill to amend the Financial Administration Act—which is most important; and we have not had a chance even to look at it. It appears to me that we are being placed in a position where we shall be simply rubber-stamping legislation as it comes across from the House of Commons. In my judgment this is not a good enough position for the Senate to be in when it comes to the discharge of its responsibilities, and I wish to enter my protest against such procedure.

The motion was agreed to.

CANADIAN BROADCASTING BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 17, an Act to amend the Canadian Broadcasting Act, 1936.

He said: Honourable senators, before proceeding to deal with this bill specifically, I wish to say that if and when it has been given second reading I shall move that it be referred to the Standing Committee on Banking and Commerce. I intend to make a similar motion with respect to the other bills which have been placed on our Order Paper for consideration later today. I would suggest that all these bills be referred to committee, even though it may be felt that the Senate has no particular interest in some of them—as, for instance, the Dominion Elections Bill, referred to by the senator from Churchill (Hon. Mr. Crerar). I make this suggestion because reference to committee would give our Law Clerk an opportunity to examine the bills on technical points, as to phraseology and so on.

I cannot disagree with what has been said by the senator from Churchill. In anticipation of just the situation which has developed, we had arranged for the study by the Transport Committee of railway questions prior to our receipt of the Railway Bill; and in the light of our experience in that matter I think it might have been well to have tried to devise some generally acceptable method whereby important bills brought down in the other house, could, prior to their receipt here, be studied by committees of the Senate. As honourable senators know, it is neither entirely regular nor in keeping with our practice to consider a bill in committee before its introduction into the Senate; but if that technical objection could be overcome, in another session we might be able to avoid a situation such as we face now.

Of course, the present situation is a little different from that in which the Senate usually finds itself when approaching the end of the session, when all important legislation other than the Supply Bill has been dealt with, and that measure is the only one which we are awaiting from the other house. And the difficulty that used to arise because of the late hour at which that bill ordinarily came to us has been overcome by our study of the estimates in the Finance Committee while they are still under consideration in the Commons.

I do not know of any procedure that could have been followed here other than the one we have followed this session. I have done what I could to facilitate the placing of the present bill, and others, before the Senate as early as possible. It is of course the undoubted right of senators to take as much time as necessary in considering important bills like this one, and that is why I hope the bills to come before us today will, after second reading, be referred to the Standing Committee on Banking and Commerce.

Honourable senators, the bill before us is designed to implement certain of the more important recommendations of the Massey Commission, which require approval by Parliament.

National broadcasting in Canada has made great strides since the Canadian Broadcasting Act was enacted in 1936. From a humble beginning the national system has been developed to provide coverage of Canadian programs in almost every part of Canada, and the work of expansion and improvement is still going on. It seems axiomatic that conditions under which the C.B.C. commenced operations in 1946 have changed very substantially, and consequently it is necessary, as recommended by the Massey Commission, to provide several amendments to the Canadian Broadcasting Act which will meet conditions existing today.

Subsection (1) of section 3 of the Canadian Broadcasting Act, 1936, provides:

> There shall be a Corporation to be known as the Canadian Broadcasting Corporation which shall

consist of a board of nine governors appointed by the Governor in Council and chosen to give representation to the principal geographical divisions of Canada.

In referring to the Board of Governors, the Massey Commission stated in its report, at page 287:

41. We have no evidence that the present Board of Governors has used its powers harshly or unjustly. If it had done so, the proper remedy would be an improved board rather than a second one. However, we are strongly of the opinion that in view of the place occupied by radio broadcasting in the life of the nation, and particularly because of the new and even disturbing possibilities of television broadcasting, no effort should be spared to make the Board of Governors of the C.B.C. as effective as possible. It should be large enough to be fully representative of the country as a whole; and it should be composed of persons fully qualified by knowledge, experience and interests not only to maintain but to advance the present standards of radio broadcasting in Canada whether national or local. We feel very strongly the importance of retaining for the Board the services of qualified persons who are free to devote the necessary time and thought to these grave responsibilities.

The Commission then recommended:

. . . that the present Board of Governors be enlarged in order to make it more widely representative.

The amendment now proposed provides for an increase in the number of governors, from nine to eleven, in order to give a broader representation on the board.

The original Canadian Broadcasting Act provided that the Chairman of the Board of Governors would be appointed for a term of three years; and at that time the appointment was not on a full time basis. In 1944 there was an amendment to the Act which provided that the chairman would be required to devote the whole of his time to the performance of his duties, and would be paid an annual salary to be determined by the Governor in Council. It is now proposed in the bill under discussion that the chairman shall be appointed for a term of ten years. The longer term is advisable in order to provide for a continuity in this important office, and is also more consistent with appointments to various commissions and boards.

Under the original statute, expenditures exceeding $10,000 require approval of the Governor in Council. Owing to great increases in the cost of technical and other specialized equipment, of new construction, and of the various other items required in the operation of the service, it has been necessary for the C.B.C. to apply for authority of the Governor in Council more frequently than originally intended, and it is now considered appropriate that the corporation should require authority of the Governor in Council only for expenditures in excess of $25,000, as this would be more in line with the value of the dollar today as compared with that of 1936. This amendment will reduce the amount of paper work and avoid delays in undertaking activities, but will still provide for a check by the government on any of the larger individual transactions proposed by the C.B.C.

One of the most important problems facing the corporation is that of financing its operations for the sound-broadcasting service. The annual licence fee for radio receiving sets has remained at $2.50 since 1938. The revenue from licence fees for the fiscal year ended March 31, 1951, was $5,571,991.31. This was supplemented by revenue in the amount of $2,463,344.62 from commercial broadcasting. Miscellaneous revenue amounted to $266,043.80, making a total income of $8,301,379.73. Expenditures for sound-broadcasting during the same period amounted to $9,214,625.33. After providing for depreciation and obsolescence there was a deficit under sound-broadcasting operations for the fiscal year amounting to $1,149,093.77.

It is of the utmost importance to recognize that since 1938, notwithstanding the spectacular increase in prices and costs in recent years, the radio licence fee has remained constant at $2.50 per annum. The fees paid to musicians, actors, speakers and other performers, have risen very substantially. There have been very sharp increases in the cost of the specialized kinds of technical equipment and supplies used in radio broadcasting. Rentals of studio and office space have increased very considerably, and in some cases have more than doubled since 1938. In common with employment practices elsewhere, salaries of C.B.C. employees have had to be increased. In other words, national broadcasting in Canada is a national institution performing a vital public service. It has been faced with very substantial increases in costs of operation and maintenance, and yet up until now there has been no provision for an increase in income in keeping with the general rise in prices, and which would provide for a proper measure of financial stability.

The Massey Commission investigated this financial problem very thoroughly, and came to the conclusion that, as stated at page 294:

. . . because the C.B.C. serves the nation as a whole it is reasonable that the revenue required over and above a moderate licence fee be provided from general taxation.

At the same page of the report the Commission went on to state:

65. There are, however, serious objections to an annual grant to be voted by parliament. Although other essential government services depend on an annual vote, it is so important to keep

the national radio free from the possibility of political influence that its income should not depend annually on direct action by the government of the day. A statutory grant seems to us a more satisfacfactory method, because it enables the C.B.C. to formulate reasonably long range plans with the confidence that its income will not be decreased over a period of years. A convenient way of providing adequate revenue for the C.B.C. might be to set the necessary revenue for the C.B.C. at a total amount equal to one dollar per head of the Canadian population as determined decennially by the census and estimated each year by the Dominion Bureau of Statistics.

The Commission then recommended:

(1) That the annual licence fee for radio receiving sets be maintained at its present level, but that a more efficient method of collection be devised.

(2) That the total annual income of the Canadian Broadcasting Corporation for all radio broadcasting purposes other than its International Service be set by statute for five years, and that this income be found from licence fees, from commercial and miscellaneous revenue, and from a payment out of public money sufficient to make up the total statutory income.

The government considers this to be a very wise proposal. It is designed to provide an annual income to the corporation equivalent to $1 per head of the population. An annual grant would not be appropriate, as it would not allow for the long term planning that is required in this peculiar kind of operation. Many of the program changes, as well as a certain amount of technical change, must be planned at least a year in advance, and it is important that the corporation should be assured of a definite revenue over a five-year period. Of equal importance, as emphasized by the Massey Commission, is the fact that the provision of specific annual statutory grants over a five-year period will free the national system from the possibility of political influence and the uncertainty in determining its annual income which might occur if the system depended upon an annual vote.

Consequently, by section 6 of the bill to grant, to the corporation, out of the Consolidated Revenue Fund, a sum of $4,750,000 for the fiscal year commencing April 1, 1951, and an amount of $6,250,000 in each of the four next following fiscal years. The sum of $1,500,000 has already been provided to the corporation as an interim grant in the current fiscal year. Honourable senators will note that the $1,500,000 already provided for plus the grant of $4,750,000 makes the total of $6,250,000, which is the total annual grant proposed. These grants will supplement the income from licence fees and from commercial broadcasting, and it is considered that this will enable the corporation to operate with the degree of efficiency and effectiveness which should characterize this great national public service.

There is no provision under the existing statute for appeal by privately-owned stations from decisions of the Board of Governors of the C.B.C. in administering its regulations. The Massey Commission reviewed this question, and on page 289 of the report stated:

49. We think that there should be some right of appeal. On the one hand, the right should not disturb the C.B.C.'s control of and responsibility for Canadian broadcasting. On the other, it should provide a means whereby substantial injustice could be redressed. We do not wish to limit the existing power of the C.B.C. to regulate broadcasting in Canada, but we feel that the honest and impartial administration of its regulations should be guaranteed by the right of appeal to a Federal Court by persons directly and adversely affected by final decisions of the Board of Governors under those regulations.

Following this observation, the commission recommended:

That persons engaged in radio broadcasting in Canada directly and adversely affected by a final decision of the Board of Governors of the Canadian Broadcasting Corporation on any matter in which this Board has final authority be granted the right to appeal to a Federal Court against substantial miscarriage of justice.

To implement this recommendation, an amendment is proposed in the bill which would provide for the right of appeal to the Exchequer Court of Canada by the licensee of a private station on any question of law arising out of the suspension of a licence by the Board of Governors of the C.B.C.

The bill proposes several other minor changes which are advisable in view of changed conditions since the statute was enacted in 1936, and which will also provide for clarification.

In conclusion, may I express the hope that honourable senators have taken the time not only to read but to study the report of the Massey Commission. It is one of the greatest public documents issued in Canada in this century, and I am confident that it will have a far-reaching effect on the cultivation of a distinctively Canadian culture in which we may all take pride. In this development national radio broadcasting has an important place, and for this reason the sections dealing with both sound-broadcasting and television have a serious and important bearing on our consideration of the bill now before us.

Hon. John T. Haig: Honourable members, I regret that the honourable member for New Westminster (Hon. Mr. Reid) is not in his place.

Hon. Mr. Barbour: Hear, hear.

Hon. Mr. Haig: To use an expression from our part of the country, he has "flown the coop." As he will not be in his place, I

understand, there falls upon some of us "outlaws" on this side of the house the responsibility of voicing some criticism of the work of the C.B.C.

I have two criticisms to offer. In the first place, it is not compatible with democratic principles that a body which competes for public business should have the power to control those with whom it competes. Yet private stations which seek business from the same clientele which is served by the C.B.C. are under the corporation's authority. When I questioned a member of the commission who appeared before our committee as to the circumstances of a broadcast made from a private station, and pointed out that the intending speaker was required to submit his typescript a day ahead of the delivery, he professed surprise and questioned my statement. But that is the fact, and it is a type of control of local stations which to my mind is objectionable. The people of Canada will never be satisfied from the legal standpoint until all stations operate under a separate and independent board. I have been told that there is a similarity between the jurisdiction of the C.B.C. and that of the Board of Transport Commissioners, but I find nothing in the regulatory powers of the Transport Board comparable to those of the Canadian Broadcasting Corporation. By this bill the board's powers are further increased. It is proper to remind ourselves that today freedom of speech is an issue of world-wide importance. I believe that if the Russian people were at liberty to express themselves about their government and its activities, bitter resentment would be shown; but criticism is stifled.

Newspapers which have struggled for years to give the public service in this respect are sometimes prevented by law from doing what they regard as their duty, or are menaced with libel actions if their statements exceed certain limits. As a result of this, perhaps there is no public agency in this country today so powerful as the radio station. It can do something which no newspaper can do. If, for instance, a newspaper in opposition makes statements to which the government objects, government writers and speakers can reply. While we in this chamber do not usually discuss politics, we are not ignorant of public affairs, and most of us know that in a recent election in one province a certain newspaper, because of the sort of campaign it carried on, had more to do with the re-election of the government than all the government speakers combined. Other newspapers answered its charges: the electors read and compared the record, and gave their decision. But radio messages come to anyone who may be listening. Those attacked have no protection, for they are not present to answer the arguments of their opponents. The C.B.C. authorities have told us that they allow all sorts of opinions to be broadcast. Some rotten things have been said by various speakers on special occasions, for example on Sunday night programs, but I never heard any answer at all. Cranks and and some sorts of theorists are the people who, above all others, want to circulate their ideas. Under ordinary conditions of communication they are unable to make an impression, because people will not listen to them. But on the radio they have their opportunity.

Hon. Mr. Hayden: Is not this the essence of free speech?

Hon. Mr. Haig: The trouble is that there is no answer, at any rate no immediate reply. Let anyone start a story, and see how long it takes to catch up with it. All of us who have had experience of elections know that once some tale gets into circulation it is almost impossible to overtake it. That is the preferred position which a broadcaster over the C.B.C. occupies. I am not accusing the commission of political bias, but I do say that a system of this kind could be used to tremendous effect by any government which wanted to employ it. The commission asserts that it is independent of the government. How can any body of men be independent of an authority which every three years can re-appoint, or otherwise, as it sees fit, any member except the chairman? We of the Senate are independent; but if our tenure of office lasted for only ten years, and we were then subject to re-appointment, how independent would we be? I suggest that we would be the hirelings of the government in power at the time. Why? Because, no matter what a man's occupation is, he cannot give it much attention if he is to carry on his senatorial duties. I have some personal experience of this in my own vocation of the law. People to whom I have been personal solicitor for years come into my office, pass my door to consult my son or my brother: they say, "You know, Jack, you are never here, and these other fellows are always around; we want to see the men who are here." I know of lawyers from my part of the country who, after ten or fifteen years in parliament, have found when they returned to practice that they had no business at all. That is an unfortunate consequence of parliamentary life which is known to most of us.

To return to the subject, my advice is that we request the government to have radio

controlled, as the railroads are controlled, by an independent commission. How would we like it if one of our railroads were under the control, in respect of jurisdiction, of the other? Suppose a law were passed to make the Canadian National Railway subject to the Canadian Pacific Railway in the same fashion as private stations are controlled by the Canadian Broadcasting Corporation, what would be the reaction of the public? Would not the national interest suffer? Would there not be protests on every hand? Or consider what would happen were the Canadian Pacific Railway controlled by the Canadian National? Yet in principle much the same thing obtains here. Private stations, having invested considerable money to develop their business find themselves under the power of a competing corporation. The C.B.C. may tell you that they do not compete, but they do; and the greater the difficulty of getting financial support, the more severe the competition will become.

The second thing against which I protest is the $2.50 fee. The radio owner either should pay $10 or he should not pay anything. As matters are, getting a licence is a provoking business. People forget it, and then they are called up and told that if they do not renew at once they will find themselves before the court. Now the taxpayer is to be required to put up some $6,000,000 a year. That is the purpose of the bill.

Hon. Mr. Barbour: Will that be the whole amount required? Will not more be wanted as time goes on?

Hon. Mr. Haig: Oh, yes, it will keep going up all the time.

Hon. Mr. Barbour: I know that people in my part of the world are concerned over this.

Hon. Mr. Haig: The leader of the government (Hon. Mr. Robertson) intimated that it costs more today to run the C.B.C. than it did when it started—I believe in 1933—because costs have been going up.

Hon. Mr. Fogo: It was set up in 1935.

Hon. Mr. Haig: But the general set-up was completed in 1933, I think. Well, costs have been going up, but so far as I have seen there has been no effort to reduce the cost of living. It may decline a little for two or three months, but generally speaking it moves upward all the time. This is no reason why we should have to meet this cost. The C.B.C. is spending a tremendous amount of money in Toronto and Montreal and is giving those cities a television service that the rest of Canada will not be able to get for years. I do not know why the taxpayers should stand for that. If the government is going to levy a tax at all, why does it not levy a tax that will be sufficient to pay the shot right across Canada? Then if people want the service they can pay for it, and if they do not want it the government can cut off the surplus revenue. This cannot be done now.

Hon. Mr. Aseltine: What about increasing the rates in Toronto and Montreal?

Hon. Mr. Haig: I understand that a licence fee of $6 or $8 is going to be charged for television sets, but that will not even begin to meet the over-all cost.

Hon. Mr. Fogo: I understand that the stations in Montreal and Toronto will tie in with certain transmission stations operated by the Bell Telephone Company, and that, as a result, television service will be made available to private stations which otherwise would not receive it. Is the honourable gentleman aware of that?

Hon. Mr. Haig: I understand that has been discussed, but I do not know whether it will come about. Why do they not let the private stations develop their own television service? I can see no objection to it. Unlike the C.B.C., the private stations would be spending their own money and not ours. The absurd part of the present set-up is that the people of Canada are charged $2.50 for their radio licences and then contribute something like $6,250,000 each year in the way of taxes for their radio service. On top of all this the C.B.C. is in the business of selling programs. The private stations do not derive any revenue from licence fees or taxation; yet objection is made to them spending their own money in the development of television.

Hon. Mr. Fogo: They get quite a bit from the C.B.C.

Hon. Mr. Haig: The C.B.C. use private stations to handle certain broadcasts. They pay for it.

Hon. Mr. Fogo: The C.B.C. pays for it.

Hon. Mr. Haig: The private stations pay for it if it is of value to them. In my city of Winnipeg there is a Dominion Network station and the C.B.C., both operated by the C.B.C. The objectionable thing is that those who run the C.B.C. think they form a superparliament and can decide what the people of Canada should and should not hear. That is not freedom of speech at all. It is a different matter with the newspapers. They are not paid by us to publish their news. The Winnipeg *Free Press,* the Winnipeg *Tribune,* and the Montreal *Gazette,* and so

on, have to get their own revenues in order to operate. In this case we give one corporation the power to handle news right across Canada. We pay them for doing it and at the same time we put ourselves under their control. That is what we have been doing right along.

Honourable senators, I protest against certain university professors from Toronto, Montreal, Winnipeg and elsewhere broadcasting their pet theories over the air on Sunday nights, and no chance being given to anyone to refute their statements. Very few of these men have ever had to struggle in life under business conditions. Recently when a man in London spoke over the radio about the European federation, his speech was immediately criticized by a professor from Winnipeg. You may say, "Well, that is a case of presenting both sides of an argument". But is it? Does that Winnipeg professor know both sides? A good many of us went to universities. When attending university as a young man one sometimes thinks of certain professors as being great men, but years later he realizes that they never did strike at the real difficulties of life at all. I have nothing against professors at all. They can lecture on economics, mathematics, language and history all they want, but I do not like it when they try to tell people how to run politics, a democracy, or a business. Only those who have had experience in these matters are in a position to give advice on them. Why do businessmen put their sons and sons-in-law into business at an early age? It is so that they will learn the business from the bottom up. There are some things that can only be learned from experience; they cannot be learned out of books.

Honourable senators, it may be said that I am opposed to the C.B.C. That is not so, but I am opposed to the administrative set-up and the way in which the affairs of the C.B.C. are handled. I think an independent body, similar to the Board of Transport Commissioners, should be set up to handle our radio service. All business affairs are handled by independent people—and our judges. One side will argue one way, and the other side another way, and a judge will decide between the two.

Here we have an organization which is operated at tremendous cost to the country; yet there is no control over it. Now it is being given the control of our television interests over a five-year plan. This is not democratic. I thought parliament's greatest power was the voting of money each year to carry on the business of the country—and here we are being asked to authorize an expenditure to cover a five-year period. I protest against this kind of legislation. I think it is a backward step and means that we are giving up some of our control over freedom of speech in the organization concerned as it exists at the present time.

Some Hon. Senators: Hear, hear.

Hon. J. J. Kinley: Honourable senators, I have just a few words to say. I think the leader (Hon. Mr. Robertson) in explaining the bill said that there were nine governors in the Canadian Broadcasting Corporation. It seems to me that we are using this word "governor" too loosely in connection with the affairs of Canada. The office of governor is a high one in the public life of the country. The Governor General holds the highest office in the land, and the office of lieutenant governor is the highest office in the provinces. In the country to the south of us we find a governor at the head of every state. I have been told by Europeans that this term governor creates a wrong impression. They get the impression of supreme authority.

Hon. Mr. Bishop: There are also governors of our jails.

Hon. Mr. Kinley: I suppose they have supreme authority; but it seems to me that in private enterprise or in the setting up of government boards we should not imitate the jails in the use of the word governor.

The honourable leader opposite (Hon. Mr. Haig) spoke about the influence of the Canadian Broadcasting Corporation. I do not think radio has succeeded in influencing our people as much as the printed word. I maintain that the press of the country still carries more influence than does the radio. I have heard people in my section of the country say that what they hear on the radio goes in one ear and out the other, but what they read in the papers is imprinted indelibly on their minds. The same is true of the movies and the legitimate theatre. Unless a movie is outstanding, you usually soon forget it; but when you see live actors or hear and see light opera—you remember it for a lifetime. I think we can still say that both the printed word and the personal touch exceed the influence of radio.

We hear a good deal about freedom of speech. Well, speech is pretty free in this country and in the United States. Perhaps it it too free. Freedom of speech does not mean licence, and I think the Canadian Broadcasting Corporation and the private broadcasters should be held responsible under the law of the country for what they put out over the air. I think, for instance, that if they say anything detrimental against a person's character they should be liable to court action.

My friend the leader of the opposition (Hon. Mr. Haig) spoke about Sunday radio programs. I think that we in Canada should do what we can to see to it that the Sabbath Day is observed as it should be observed, and that broadcasters, especially those under the control of parliament, present Sunday programs that are elevating and clean and as free as possible from commercialism. Also, if there is going to be the broadcasting of opinions that are not always quite what we would expect from citizens of Canada, let them be broadcast on some other day than the Sabbath, for that is a day when many people, who have more time to listen than during the busy week, would prefer to have material presented on a high plane.

One thing that strikes me about the Canadian Broadcasting Corporation and other publicly-owned companies in this country—the Canadian National Railways, for instance—is that they are not subject to the stresses and tests of private business. If a man is president of a private company he must succeed; that is, he must see to it that his company makes money, or he will be removed from office. The test of his efficiency is whether the success of the company is according to the rules of business. But the same test does not seem to be applied to a person at the head of a government or publicly-owned corporation. If he has a deficit, he comes to the government or to parliament to get some money, and nobody ever suggests that he may be inefficient. It seems to me that we need to be alert to see to it that we do not coast along and take it for granted that the people's money should be used to bolster up publicly-owned organizations whenever they have a deficit.

I was much interested last week in a bill before the Transport Committee to amend the Toronto Harbour Commissioners Act. The oil companies thought that the commissioners were seeking unnecessary authority in order to tax them, and the Harbour Commissioners said, "But we are a public body, dealing with interests of the public". Well, on the other side there are the private industries of this country, and they are the ones that pay the taxes to keep the government and these government organizations going. It has been said that the government is the biggest partner in every business of the country, for at least 55 per cent of the profits of a successful corporation are paid out in taxes. So if private industry did not succeed we would not have millions of dollars to give to the Broadcasting Corporation and other such concerns. Perhaps we need to reconstruct our thinking a little on the subject of profits made by private concerns. It is from those profits that the Canadian Broadcasting Corporation, for instance, is maintained. So when it again needs millions of dollars to carry on its operations, I think we should make sure that it is properly run and efficiently managed.

The leader of the opposition very truly says that this organization should not be a law unto itself. Well, some of the people in government companies try to be a law unto themselves, at least as far as possible. I am not suggesting that we should return to the practice of the old days when a man's politics had a good deal to do with whether or not he could get an important job with the government, in return for which he was expected to be loyal and grateful. But no one should consider himself above parliament. I recall a time in the past when there was considerable concern about whether the then president of the Canadian National Railways was not as powerful as the then government of the country. We want to guard against anything like that. It is a good thing to have views expressed on a matter of this kind, for they give us a chance to notify important officials that they should never forget they are public servants. We should make it clear that while we wish to preserve their dignity and independence, their continuation in office will depend upon their efficiency and virtue, and that unless they show that they possess these qualities, they may find it difficult in future to continue in office and to come to parliament for assistance.

Hon. George H. Barbour: Honourable senators, I differ with the opinion of the leader of the opposition (Hon. Mr. Haig) that the radio licence fee should be $10 a year.

Hon. Mr. Haig: Ten dollars or nothing.

Hon. Mr. Barbour: I do not agree with that. To my mind the people who are getting the most important service from the C.B.C. are the fishermen who depend upon radio for warnings of coming storms. I believe that radio has been a means of saving many lives in this way. Another important class of people served by radio are those living in remote parts of the country, in rural areas without electricity. These people, like the fishermen at sea, have to use battery radios, and the batteries will cost a man $15 or $16 or more every year. These people look to the radio not only for weather reports and storm warnings, but for entertainment which is not available to them from any other source; and I certainly would oppose any increase in the licence fee charged to them.

The most important section of the bill, in my opinion, is the one granting the Canadian Broadcasting Corporation $30,000,000 over the next five years. I want to ask the leader of the government here (Hon. Mr. Robertson) if he can tell us in how many years of the corporation's activities there has been a surplus and in how many years there has been a deficit. Though we are asked to vote a definite sum of $30,000,000 over the next five years, I feel that we do not know the total amount that will have to be provided. I cannot understand just what the connection is between the government, the minister and the C.B.C., when that organization can run up a deficit of a million dollars or more in a year.

Hon. Cyrille Vaillancourt: Honourable senators, I wish to make a few remarks about the programs carried by stations of the Canadian Broadcasting Corporation. Some of these programs to which I have listened are, in my view, absolutely immoral. Just two or three weeks ago I was listening with my family to a broadcast sponsored by C.B.C. in which organized adultery was the theme. My daughter remarked to me, "If that is the way of life today between men and women, I prefer to stay with you for the rest of my life". For this reason I have had to cut off stations carrying such porgrams.

As the leader opposite (Hon. Mr. Haig) said a few moments ago, we cannot answer what comes to us by radio. Today we are hearing it with our ears, tomorrow we will be seeing it with our eyes, and we cannot disavow what the speakers on distasteful programs are saying to us.

The people of Canada are paying for the operation of the Canadian Broadcasting Corporation, and they have a right to expect programs that are educational rather than depraved. This nationally-owned broadcasting system should educate and not scandalize our families.

Hon. Norman P. Lambert: Honourable senators, in attempting to discuss the subject of this bill at this time one does so with a depressing sense of futility. A lengthy discussion on this legislation took place in the committee of the other house, and certain phases of it have received a good deal of attention. But with the limitation of time facing us, I take for granted that there is really nothing we can say here or ask in committee at this time which would substantially affect the passage or the application of this measure. Nevertheless, if one has an interest at all in the matter, he is in duty bound to raise certain points which the bill attempts to emphasize.

In connection with this legislation and some other bills to follow a great deal has been made of the report of the Massey Commission. I think that the free reference that is made to the recommendations contained in the Massey Report is liable to blind our eyes and confuse our minds as to the realities and true significance of this and other bills.

This measure contains nothing that requires in its support quotations from the Massey Report. True, the report made certain recommendations about the administration of radio in this country, but with all due respect to the report, I do not think that its recomendations have been made as a result of a great deal of the evidence that was heard on the subject.

The whole concept of the Canadian Broadcasting Corporation as we know it today is a matter of evolution. When in 1935 the corporation was envisaged, I was very much interested in the form it would take, and I was favourable to the form it did take, namely, a Canadian broadcasting corporation whose chief objective was to be an agency for unity in this country. It was to bring to those parts of the country which were less populated than the central provinces of Ontario and Quebec the unifying benefits of national broadcasts. It was to give to the people of the prairies and other isolated points contact with central Canada by means of a free broadcasting system.

Those objectives were, I think, all to the good, and for the first ten years they genuinely served in bringing about a degree of unity from one end of the country to the other. That unity is, in a large part, attributable to the work that has been done by the Canadian Broadcasting Corporation.

There are, however, two phases of the problem that should be discussed and analysed further even than the committee of the other house was able to carry its inquiry. I refer to the technical side of radio and television, involving as it does such matters as wave lengths and technical regulations and controls over the operation of radio stations. This technical phase of the operation should, I think, be controlled centrally, in the same way as railways, for instance, are controlled by the Board of Transport Commissioners. In my opinion there should, be an institution which would see to it that all of the technical requirements of radio in this country are wisely administered.

The other phase which has given rise to a strong division of opinion in Canada has to do with the power of radio and television being centred in a federal instrument of the state. I think that has to do with the quality and the character of the programs that are

dispensed by it; as well as the complete and autocratic control which it has, not only over its own national broadcasting stations but over stations which are recognized now as private stations and confined largely to provincial areas in the different parts of Canada. As one who has watched and followed from the beginning the development and application of radio in this country, I say in all sincerity that I can see a trend towards the establishment of greater power in an institution with effects on the public mind of this country that are not wholly good.

That, to my mind, is the whole crux of the situation regarding the enlarging powers that are conferred by this bill on the Canadian Broadcasting Corporation. I do not believe there is any set of men, young or old, in this country who are capable of administering the powerful influence that is inherent in the complete control of radio and television as an instrument of mass communication in this country. To really comprehend and grasp all that is involved in this legislation, it is necessary to have an historical view of the evolution of freedom of speech and freedom of the press and all that is involved in those terms. It took two hundred years or more of struggle to bring those freedoms to their present status in this country, and a great deal of enlightenment and insistency on the part of growing democratic forces has been required to hold that ground. As a matter of fact the progress of democracy in the world is registered in the degree that the press has been made free and freedom of association and freedom of speech have been accorded.

It is said that the air belongs to the people. The air we breathe belongs to the people, but the ether waves in the air that are operated by radio do not belong to the people and are not controlled by them. The question of the control of this new medium must be considered in the light of the importance of this whole matter; and I think the quality and the character of the programs dispensed throughout this country can be affected for the better only by means of more competition.

I am not going to disparage as a whole the performance of the C.B.C. over the years. Some of the services they have performed, for instance during the visit of Her Royal Highness and the Duke of Edinburgh, were highly creditable, and such as one likes to see a national broadcasting corporation performing. The treatment of the royal visit was a purely objective, excellent reportorial job. On the other hand one cannot say the same of some of the assignments given by the program department of the C.B.C. to various people to make news broadcasts and commentaries. Undoubtedly the people selected for this work are chosen as the result of an estimate of their abilities, but there have been many instances of objectionable material being presented and objectionable and inaccurate statements being made under these heads over the radio. Some of these instances have been mentioned in this chamber, and in this connection I do not wish to emphasize anything that, from a point of view taken in the Senate, may have a controversial aspect. What I am trying to bring out is that freedom of speech is abused when it is applied to the utterance of statements of that kind. There is nothing anybody can do to correct them. Evidently so far the administration of radio broadcasting is concerned, there is no provision for editing the copy of these people before their statements are broadcast. In connection with newspapers or magazine publications of any standing, the editors and owners have a sense of responsibility for the kind of material they circulate among the reading public. If *carte blanche* is given to somebody to speak on a subject of current interest over the radio, without any previous checking of his material by the responsible person in charge of radio operations, that is not freedom of speech at all, it is freedom of licence; it indicates irresponsibility. This does not, in my opinion, reflect serious appreciation of the great influence which the radio should have as an instrument of education and communication to the people. If there is no organization to control that sort of thing, I see only one way to correct it, and that is by providing opportunity for competition on the part of an agency or agencies whose broadcasts may tend to restore the balance in that regard.

There is so much to be said in connection with this subject that I am sorry we shall not have more time to deal with it. I think the bill should be referred to the Standing Committee on Banking and Commerce to enable us to ask questions of the officials. One question which naturally arises out of this legislation is: What sort of a basis will be necessary for appeal to the Exchequer Court? If a private station or someone else takes exception to a ruling of the C.B.C., will the objector have recourse to the Exchequer Court? On what basis would the appeal be made? These are things I should like to know. I raise these points because I believe this country has reached an important stage in connection with the development of this powerful influence in the educational and informative life of Canadians.

The development of this unknown quantity of television is being left entirely in the hands of the C.B.C., and I think that the expense of this undertaking should be shared

by private interests in Canada which are only too ready to share it. I feel that the Canadian Broadcasting Corporation can control television technically as a whole, just as the wave lengths of radio are controlled, but it is not practical from a business viewpoint for this country to say to one of its own agencies, "Here is $30 million to spend over five years. Go ahead and develop television for the people of Canada". I am afraid that if the evolution in television service reflects the trend of centralization, power, and propaganda—if I may use that term—that has been evidenced in radio, it is not going to benefit Canada as a whole. Some of these points should be explored fully in an impartial and independent way in our committee. I should like to see our committee given as much time as possible to deal with this important subject.

Hon. J. G. Turgeon: Honourable senators, in rising to take part in this debate I am afraid I am going to make two or three remarks which may readily be called contradictory one to another. First of all, I am going to recommend that the supervision of private broadcasting stations should not be left directly in the hands of the Board of Governors of the Canadian Broadcasting Corporation. I am going to further recommend that we give consideration to the setting up of another body consisting of either three or five members. A membership of three might be satisfactory, but I think five would be better, because of our two languages and the various cultures of the several racial origins which are found in different geographical areas of the country. In my opinion the Chairman of the Board of Governors of the C.B.C. should be *ipso facto* one of the members of this new body. I am going to suggest all this later as a definite recommendation for consideration.

Honourable senators, I agree with the honourable senior senator from Ottawa (Hon. Mr. Lambert) that at this stage of the session it would be unwise to make any efforts to materially amend the legislation now before us. This legislation is based on the studies made by the Massey Commission—which I would commend for its splendid work—and by the committee of the other house. It has received the acceptance of the cabinet, which is a committee of parliament, and has been passed by the other place. The Senate has only a few hours now in which to deal with it and needless to say we cannot do this properly. My main purpose in rising is to throw out the suggestion which I have outlined as to a new body to supervise the action and conduct of private stations, and I hope that this suggestion will come up for consideration in the next session of parliament, which I assume will commence in February of 1952.

Honourable senators, I am opposed in principle to the government—I was going to use the word "interfering", but that may not be the proper word—administering anything that is essentially not government business. I made this statement in 1936, when I was a member of the House of Commons committee under the chairmanship of the honourable senator from Provencher (Hon. Mr. Beaubien), who is our Acting Speaker today which was studying the legislation to reorganize the C.B.C. I was afraid that if this reorganization were carried out it would not meet with success. In view of criticisms that have been made, I want to say that upon looking back to 1936, when the C.B.C. was established, I think the work done by that body has been extraordinarily good. I extend this reference of good work to each member of the Board of Governors and to all those responsible for administering the affairs of the C.B.C.

This does not mean, however, that every action taken by the C.B.C. has always found favour with me. I agree with what the honourable senator from Kennebec (Hon. Mr. Vaillancourt) said this morning. I do not know just what broadcast he was speaking about, but I know that there has been a discussion lately about broadcasts being directed against religion. I am in thorough agreement with the principle of free speech. I agree again with the honourable senator from Ottawa (Hon. Mr. Lambert) that the theory or doctrine or whatever you wish to call it of free speech does not mean that the taxpayers of Canada who hold radio licences should have to pay for the opportunity of hearing opinions or doctrines with which the great majority of Canadians do not agree. I am not critical about what has been said by the various men and women whose names have been mentioned during the last few weeks of parliamentary discussion. I want to point out, though, that all the arguments made by the representatives of the Soviet Union against the free world are based upon two things: one is what they call capitalism, and the other is what they call religion. These are the two things that the communists are trying to destroy in this world. Therefore I would suggest that great care be exercised by those directing radio organizations, and particularly the public broadcasting corporation, as to statements that may be made along that general line.

I am not against free speech. Speaking in this chamber in the session of 1951 on the work of the United Nations, after I had had the honour of being one of the five official

delegates of Canada to the United Nations Assembly, I mentioned that the propagation of faith was one of the greatest defense armaments that could be built up to meet communism. Shortly after that I received a very bitter letter, anonymously written, telling me that I had been declared by the so-called peace lovers of Canada to be a criminal, and that the moment that Kurt Meyer was released they would see that I took his place in prison. I have not the letter here at the moment, and I do not intend to make any further reference to it now. But later on the *Pacific Tribune*, a communist paper of Vancouver, published that letter, except the part containing the threat. Yet, if anyone suggested in parliament that this and other communist papers now published in Canada should be abolished, I would oppose it. On two official occasions I have stated that I was opposed to the suggested abolition of the communist party. I think that neither the party nor its publications should be prohibited unless war broke out or became imminent, when of course such things might be dangerous to our national safety. I make these comments so as to emphasize that I desire to say nothing whatever against free speech but I do believe that great care should be taken by members of the C B.C Board of Governors as to what goes out over the air and to the responses that broadcasts evoke.

Now, to come back to my suggestion for the creation of a new body of which the Chairman of the C.B.C. Board of Governors should be a member, I wish to quote two statements from the report of the Massey Commission. As I have said before, I think that commission did a marvellous work, though I differ with some of its recommendations. In one part of its report the commission said:

> In Canada we conceive the principle that radio broadcasting is a public trust that has been followed consistently for twenty years.

Now, twenty years would take us back to the date mentioned a little while ago by the leader of the opposition (Hon. Mr. Haig), back to 1931. And in 1936 parliament made a definite change in the whole conception of what is called a public trust. Until 1936 the the public radio system was under the control of the Canadian Broadcasting Commission, but in that year parliament revised that body's powers and changed its name to the Canadian Broadcasting Corporation. So a definite corporate change in the C.B.C. was made in 1936, during the period in which the Massey Commission says that broadcasting in Canada has been accepted as a national trust, and that therefore it is entirely unnecessary to make any change in the whole broadcasting set-up. The change that I am suggesting is that the private radio stations and all their broadcasts should be under the supervision, not of the Board of Governors of the C.B.C. but of another board, of which, as I have already said, the Chairman of the Board of Governors of the C.B.C. should be a member.

In a sort of prefatory statement the Massey Commission quoted the following from St. Augustine, which might be taken as the basis of the kind of study that they gave to the work assigned to them:

> A nation is an association of reasonable beings united in a peaceful sharing of the things they cherish; therefore, to determine the quality of a nation you must consider what those things are.

That statement, by St. Augustine, is an excellent base for any commission of that kind to build its work upon. But I want to say this, that in so far as radio is concerned—and radio is definitely a very important feature of the things that belong to us a nation now, and certainly was so looked upon by the Massey Commission—I want to say that since "a nation is an association of reasonable beings united in a peaceful sharing of the things they cherish", then it is the duty of parliamentarians, of Ministers of the Crown and of those who up to this time have been entrusted with the supervision and administration of the Canadian Broadcasting Corporation, to see whether they cannot bring into Canada's radio life a more peaceful sharing of the things we Canadians cherish. I say that because the present relations between the private stations and the C.B.C. and the relations between those who are in favour of uncontrolled operation of private stations and those who prefer positive control by the C.B.C. are not of a peaceful nature. Therefore, in order that the saying of St. Augustine may be properly applied, I am recommending that during the next few months parliament, the cabinet, the C.B.C. Board of Governors and all others concerned give thought to a change in the general radio set-up, so as to be in a position to consider next session a change along the lines I have indicated, which I intend to propose in this chamber.

Hon. Mr. Crerar: Honourable senators, I wish to make a few observations on this bill, but I do not think I could conclude before one o'clock.

Hon. Mr. Robertson: In order that we may make as much progress as possible today I would suggest that we resume sitting this afternoon at 2.30.

It being 1 o'clock, the Acting Speaker left the Chair.

At 2.30 o'clock the sitting was resumed.

Hon. T. A. Crerar: Honourable senators, let me say at once that my contribution to this debate will be brief.

Hon. Mr. Aseltine: Hear, hear.

Hon. Mr. Robertson: No, no.

Hon. Mr. Crerar: I am delighted that that remark meets with approval in at least one quarter of the house. In view of the number of important bills which we have yet to consider at this late date, I would certainly be showing a discourtesy to the house if I were to unnecessarily take up its time.

The amendments to the Canadian Broadcasting Act which we have under consideration at the moment appear to have developed largely out of the report of what is known as the Massey Commission, on the development of arts, letters and sciences in Canada. I do not fully agree, I must say, with the somewhat eulogistic references that the leader on this side has made to that report. I think the commission did a great deal of painstaking investigation, but of course there is room to qualify or to differ with the recommendations found in the report.

There seems to be abroad a curious notion that the implementation of this report will in some mysterious fashion help us to develop a culture. If I understand these amendments aright, they have in a substantial measure at least to do with that feature of the report.

In the first place, what is culture? We use such terms in a very generic sense. I took occasion to consult a standard dictionary as to the definition of "culture", and I found that it applies to many things, such as the productions of plants and the cultivation of the soil. But in the sense that we are asked to consider it today—and I would like my colleagues to note this carefully—the definition is this, "the training, improvement and refinement of mind, morals or taste". It is in this sense that the report of the Massey Commission deals with the matter, and there is of course room for interesting discussion as to how culture according to this definition can best be advanced.

We usually consider that in the matter of culture the countries of Europe, over the centuries, have made more substantial advancement than we of the North American Continent have made in our comparatively short and more recent growth, and that in those countries there is a keener understanding of the importance of the refinement of mind, of morals and of taste. The degree to which this refinement takes place in a country is a measure of that country's progress towards a higher civilization.

This development in other countries, I am bound to say, came about altogether without the assistance of the modern media of communication. The culture of France—probably the most cultured nation in the world—was not the product of radio broadcasting or television. The same is true of Italy, Great Britain and other countries. It is therefore a miscalculation to expect that the granting of an additional $30 million to the Canadian Broadcasting Corporation for the development of its radio and television services is any indication or any evidence that growth will take place in our culture. As a matter of fact, apart altogether from radio broadcasting—and of television, which we do not yet have—Canada has made substantial, if slow, progress towards culture as defined, namely, "training, improvement and refinement of mind, morals and tastes".

Such progress has come about through the voluntary efforts of people who have an appreciation of the importance of these things. We have seen advancement, for instance, in the field of music, in which for a great many years, festivals have been held where people gather and compete with each other, and where competent judges are present to pronounce upon their performances. We have had the development of drama, particularly through the medium of the Little Theatre movement in many towns and cities across Canada. We have had a quite remarkable development of the ballet. I venture to say that all these forms of advancement had no relation whatever to the Canadian Broadcasting Corporation, but developed simply because of an urge on the part of some people to reach out for the finer things of the spirit, and to give expression to their desires and their hopes.

The proposals contained in this measure may build up high expectations, but it has one feature which I think we must guard against. If any notion grows that we can rely on radio broadcasting—and on television when it comes—to advance culture in this country, it creates the very great danger—and I say this without criticism, implied or intended, of the C.B.C. management or its Board of Governors—that the control of this development will be largely in the hands of a comparatively few people.

In recent years we have had ample evidence of the tremendous and vital importance of radio-communication as a means of influencing mass opinion. The development of Hitler's Nazi Germany and Mussolini's Fascist Italy would not have been possible but for the radio. In more recent months, the suppression of liberty and freedom in the Argentine, once a democratic state, has been largely the product of mass appeal

through broadcasting. Without any criticism intended or implied of the Canadian Broadcasting Corporation or its management, I feel we should be very careful about confiding these important powers and possibilities solely to the judgment of a few men. You may say that there is nothing to fear, that all they will do is to try to stimulate and advance developments which are now going on. But I repeat that the people who control the communication of ideas through broadcasting have not only a tremendous responsibility but an enormous power. I do not agree with all the programs that come over the C.B.C.; nevertheless I would be very reluctant to suppress them. If some of them are plainly objectionable that evidences nothing more, I think, than that, notwithstanding a desire on the part of the governors and management to operate in a fair and judicial way, they make mistakes.

I would offer this suggestion. I have listened to various radio broadcasts, particularly on the Sunday evening program to which my honourable friend from Kennebec (Hon. Mr. Vaillancourt) referred, and I am bound to say, particularly with respect to two or three commentators who appear to be pretty regularly employed, that personally I would have written them off and written off the opportunity they have had to transmit over the air-waves what appears to me to be a peculiar type of propaganda. Far be it for me to say that no such propaganda should be allowed. But I am not impressed with the argument that somebody else can present the other point of view. At a public meeting varying opinions can be put forward; the columns of the press give space to all sorts of viewpoints; but once a broadcast is sent into tens of thousands of homes you can never catch up with or correct some of the impressions which may be created by it. That fact should ever be in the minds of those who have control of this medium.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Crerar: Sometimes I wonder what will be the end-effect of it all. One goes into homes where the radio is on every hour of the day, presenting a medley of ideas and music and almost everything else. How in the world can a listener ever develop a clear or coherent appraisal of the matters he hears about, or form a considered judgment? Some may say this is not a danger; but to me it is rather a terrifying possibility, especially as it was precisely through these methods that the dictators to whom I have referred obtained control over the mass thinking of their peoples. Unless in a democratic society there are enough citizens who take an interest in public business and are critical and inquiring in respect of the way in which they are governed, there is always a possibility that some great wave of mass hysteria may be aroused; and then we may be in a very difficult way indeed.

The proposal before us is to furnish the Canadian Broadcasting Corporation, out of the treasury of Canada, with practically $30,000,000 over the next five years. This money, of course, will come from the pockets of the taxpayers. I assume that, as a licence fee today is charged for the privilege of having a radio, when television is established licence fees will be charged to those who have television sets. It is clear that the revenues of the corporation will be very substantially increased by the appropriation contained in the bill before us.

There are two other points I wish to mention. I agree wholly with one of the criticisms made by the leader of the opposition (Hon. Mr. Haig) and one or two others who have addressed themselves to the same matter: I have long felt that it is an anomaly that the Canadian Broadcasting Corporation, which itself is actively in the broadcasting field, should supervise and direct private broadcasting stations; and I am wholly in favour of the idea that there should be a board whose responsibility will be not administrative, in the sense of arranging broadcasting programs, but wholly supervisory, much like the present Board of Grain Commissioners, which supervises laws relating to the grain trade.

While I hope that nothing I say will be construed as a criticism of the board, I believe that in these matters we have to look below the surface. There is no question that power, whether exercised by a board of governors of a broadcasting corporation, by a government, or by business, is an extremely dangerous thing. Less than a century ago a great political philosopher who was also a noted historian expressed this principle in the saying, "All power corrupts; and absolute power corrupts absolutely." If there is one lesson that stands out in the pages of recorded history it is the truth of that declaration. In my approach to these questions I try to test them by some of the well-founded principles that come to us as a result of the long and painful experiences of civilization in its onward march.

There is another point which I wish to discuss, and this is where I disagree with my honourable friend the leader opposite (Hon. Mr. Haig). I am opposed to the abolition of the licence fee. The radio service which our

people get is a service for which they should pay a charge. Let us take, for example, the Board of Grain Commissioners. A charge is made for inspecting and weighing every bushel of grain that passes from the farmer to the market in Canada or elsewhere. Why is that charge made? It is because the inspecting and weighing of grain is a legitimate service that the farmer gets. In days when, I am bound to say, we did not dispense money quite so freely as we do now, this was felt to be a fair and legitimate charge. I think this principle is fair and sound. It is argued that you cannot collect all the fees. Well, there may be difficulty in collecting from some people, but the arm of the law can be very long. What is needed is a strict enforcement of the law and the awarding of sufficiently stiff penalties to make people realize that it is unsafe to have a radio without a licence.

Honourable senators, periodically the business of the C.B.C. comes under review by a committee of the other place. That, as far as it goes, is all to the good, but the tendency before some parliamentary committees is to try to score an advantage against someone else. I sometimes think that some of the committees set up by parliament are not as objective in their approach to the problems placed before them as they should be.

Before I resume my seat, let me say that it is rather unfortunate that we should have to deal with this matter in such hurried fashion.

Hon. Mr. Burchill: I was much interested in what the honourable senator from Churchill (Hon. Mr. Crerar) said about the great power that is being placed in the hands of the Canadian Broadcasting Corporation. I wonder if he could tell us how this differs from the policy with regard to the British Broadcasting Corporation.

Hon. Mr. Crerar: I do not know that it differs very greatly. I was in Great Britain for a couple of months this summer, and I often listened to their programs. I am bound to say that they usually appeared to me to be of a higher quality than the programs we have here; but this very matter of monopoly has received a good deal of criticism in the British press.

Hon. J. G. Fogo: Honourable senators, we have listened to some excellent speeches on the broad aspects of this legislation, but I am going to address myself to one narrow feature which has been mentioned at least once in this chamber, for I think an inaccurate impression may have been created. Earlier in the day, when the honourable leader (Hon. Mr. Haig) chose the members of the Senate as an example of what might be termed "impartiality" in his remarks about alleged partiality on the part of the C.B.C., I was tempted to rise on a question of privilege. On second though, however, I decided that I ought to address myself directly to the point.

I think the suggestion was made that the C.B.C. has been used as an agency of government for political propaganda. I have been in a peculiarly intimate position with reference to political broadcasting for some twenty years, commencing at a time when there was no such thing as the Canadian Broadcasting Company or Corporation, and neither before the institution of the C.B.C. nor since has there been any evidence, within my knowledge, of partiality on the part of the board or the governors or the management in the presentation of what may be termed political material; nor have I seen any evidence that this government or its predecessor used this agency as a means of promoting its political ends. If that suggestion was made it ought not to go uncorrected.

Hon. Mr. Haig: May I interject here to say that I never said that. I said propaganda, but not political propaganda.

Hon. Mr. Fogo: I certainly misunderstood the honourable leader opposite.

Hon. Mr. Haig: I never suggested that on the part of any government. I said propaganda, but not political propaganda. I was kicking about these university cranks.

Hon. Mr. Fogo: Perhaps the connection misled me because reference was made to the person or body which appointed honourable senators, who are expected to be impartial because they are appointed for life. I think the suggestion was made that if we were appointed for only ten years we might be in fear of the end of our tenure and be tempted to become partial.

Hon. Mr. Haig: Let me correct my honourable friend. I said that that was possible. That is all.

Hon. Mr. Fogo: At least it was suggested, and I thought it appropriate to make a remark or two on the subject.

I have had occasion to complain to the C.B.C. a number of times when I thought it was according too many privileges to parties other than the one with which I happen to be connected, but I learned later that the other parties were making equally strong complaints about the privileges accorded by the C.B.C. to my party. I was bound to conclude in the end that the C.B.C. was holding a balance, for everybody felt that he was not getting an advantage but that the other fellow was. So it is apparent that at least a middle course was being followed.

When I first came into contact with radio broadcasting in this sense it was not a public project, but a private project, and the system, if I may call it that, of free time for political broadcasting had not been introduced. That came later, and I believe from my observation that it has been a good system, and that it gives representatives of various political groups, recognized as such in this country, an opportunity to present their views in an orderly fashion and to reach many people who would not be reached either by the printed word or by orators on the platform. From what I have seen of the administration of this free time political broadcasting, it is my view that the C.B.C. officials and management have been eminently fair at all times to all parties, and I think that all who have been in the picture would agree with me.

One other statement to which I might make reference was that no check is kept on what is said over the radio. I think there is pretty nearly as much check on what is said over the radio as there is on what a man says on the street or what he prints in his paper. The check is in the law—the criminal law, the civil law and perhaps, in certain instances, the law of good taste. So in that respect there is the same check on radio that there is on all the other media of publicity. To catch up with an audience who hear any particular broadcast may be a little more difficult than to catch up with people who have read something in a newspaper. A letter to the editor of a paper may be printed and reach a certain number of people, and if it contains a reflection on you that is not libelous but that you wish to correct you may be able to get the paper to publish at a later date a retraction or a letter from you; but what assurance have you that the people who read the first letter will read yours? There would be much the same kind of difficulty in trying to correct a statement that has been broadcast.

The complaints that have been made from time to time, particularly by so-called private stations, have not been that there are no checks, but rather that the C.B.C. had exercised certain checks on them. I do not think these checks have been felt to be very harsh or drastic. In any event, every radio station, privately or publicly owned, is still responsible for what it broadcasts, and if it puts out anything contrary to the law there is a remedy just the same as there is in the case of any other medium.

The question of dual control has been debated for at least four or five years in this house, in the other house, in the newspapers, over the air, by special committees of the other house and finally by the Massey Commission. And, perhaps surprisingly enough—for dual control is superficially attractive—all these committees and bodies, after hearing evidence and studying the whole matter, have come to the conclusion that the system initiated in 1932 ought to be continued.

Hon. Mr. Lambert: In 1935.

Hon. Mr. Fogo: The original Act was passed in 1932. The administrative body was given a different name then, but the basic system is substantially the same now as at the beginning.

I am not sufficiently well informed to know all the reasons for this conclusion, but I believe there are reasons, and that if this bill goes to committee they can be stated there. We are free to take our choice between the British system, on the one hand, and the American system on the other, and decide which offers the better model for this country. In Britain, as I understand it, radio is completely under government control and is administered by the British Broadcasting Corporation. There are no private stations at all. In the United States the broadcasting is done entirely by private concerns, on a commercial basis. In Canada we have a combination of these two systems, part of our broadcasting being done by the C.B.C. and the remainder by privately owned stations.

Despite the complaints that one hears from time to time, I have not noticed that any of the private stations have been suffering financially from the regulations of the C.B.C. In fact, they are doing rather well. I think that if we probed into the matter we would find that a very substantial part of their revenue is derived from the C.B.C., and through the agency of programs and advertising procured for them by the C.B.C.

Hon. Arthur W. Roebuck: Honourable senators, I shall make but a few remarks. I am urged to take that course of action by the experience of my friend from Churchill (Hon. Mr. Crerar). He began by saying that his remarks would be short, whereupon he was greeted with a round of applause, and the only other applause accorded to him was when he sat down. Yet, he is one of the most attractive speakers on the floor of this house. So, honourable senators, I shall take the lesson that was accorded to me in those rounds of applause and endeavour to be brief.

Let me say at the outset that this is a very important measure, and one which should be studied with care in this house and in committee, although it is doubtful whether that will be done under the present circumstances.

The bill proposes some broad amendments to the Act. It provides that a grant of $30 million be paid to the C.B.C. over five years. Also it provides for a longer tenure of office

for the chairman of the corporation, and there is a somewhat illusory appeal being provided. All these are matters that should be attended to and examined carefully here.

Honourable senators, I am a bit tired of the futile protests that are made in this house about legislation coming to us at the close of the session. It stands to reason that the Commons will run their own business in their own way and will not send us legislation until they are through with it, and that in the course of their work they will pay very little thought indeed to the convenience of this chamber. The remedy is not in scolding the House of Commons; it is in our own hands. Nobody can force this chamber to adjourn or to rise at any particular time. We can take all the time that is necessary, and if we are unable to finish our business before the Christmas season begins, we can come back after Christmas.

The fact is that we do not commence our work until some little time after the House of Commons has been in session. They get the first chance at most legislation, and commence their work earlier than we do. The reasonable thing for us in this chamber to do is to recess in the early stage of the session and then at the close of the session, irrespective of the desires of the other house, take what time we require to complete our work in an orderly and deliberate fashion. Let us stop protesting, for it is fruitless and futile, and let us give the legislation the time it deserves. I am not one who wishes to prolong this session; indeed, I should be very glad to see it close before Christmas. On the other hand, in the review of the legislation to come to us we have a serious duty to perform. Let us take our time and do it properly.

As I have said, the bill now before us has some important features. In our consideration of it we should bear in mind the fact that broadcasting is by nature a monopoly, and in that respect cannot be compared to the publication of a newspaper. Any person can start a newspaper anywhere as long as he has enough money to buy a press and can find people to read his paper. On the contrary, in the field of broadcasting there are only a few channels and once they have been monopolized by certain persons they cannot be used by others. Broadcasting is, as I say, a natural monopoly. It should not be a private monopoly, but a monopoly belonging to the people of Canada. I disagree with the statement that the air is not owned by the public. The air, or the electric channels in it, are the natural property of the whole people. Even if that were not so, our ears are our own and they can be guarded only in a general way by the Government of Canada. In the end, no one should be allowed a vested interest in these channels; they must be controlled, and they should be owned by the government. I am not very sympathetic to the wails and complaints which we hear so continuously from those who have been given special rights on the air, and who now want to free themselves from control by the C.B.C.

The honourable senator from Cariboo (Hon. Mr. Turgeon) made a suggestion, concurred in most heartily by the senator from Churchill (Hon. Mr. Crerar), that we should have a supervisory board with jurisdiction over both public and private broadcasting. While there is, I think, some virtue in the suggestion, I fear that the establishment of a second board would gain little for us. The question should be inquired into by this house or one of its committees. It seems to me that in the Board of Governors we have just such a board as is now being advocated. That board does not manage the broadcasting operation; that it is given over to the managers or to a president who does some managing. The board itself, like any board of directors, sits back and supervises both public and private broadcasting. It seems to me that this attempt to separate administration from supervision would bring us back to the point where we now find ourselves. The Massey Report suggests that the appointment of a new board may be the cure for our ills. I think there is something to the argument that if the present board is not functioning, a new board—rather than a second one—should be set up.

The member from Ottawa (Hon. Mr. Lambert) has said that the operations of the Canadian Broadcasting Corporation have been inquired into on a number of occasions, with no concrete proposals forthcoming. I am inclined to think that if we engaged in an extensive inquiry now the result might well be the same. The answer may be, not the appointment of a second board, but rather the freeing of the present board from some of its administrative responsibilities, which should be carried more completely by management under the supervision of the board.

May I say a word on the question of right of appeal? It is provided that when a private company is suspended, there is a limited appeal to a judge of the Exchequer Court on questions of law. But what questions of law are there to determine? When a private broadcaster is alleged to have been guilty of the non-observance of some regulation published by the board, and his rights are suspended, what question of law would have to be determined on that appeal? I say it would be a question of fact more than of

law. The law has already been taken care of by giving complete authority to the board to exercise its judgment in the case of violation of regulations.

One or two senators in the course of their remarks referred to "cranks" on the air. Let me remind the leader opposite, for one, that it is the "cranks" that make the machine go round. It is men with ideas that differ from our own who provoke thought and bring about progress. It seems to me that when the C.B.C. is no longer a fit subject for criticism because we agree with everything that comes over the air, it will then have run its course and it will be time that it was abolished. When criticism ends, thought stops. When C.B.C. programs are restricted to those which have universal appeal, they certainly will be colourless and useless. I think it was Tennyson who uttered words to the effect that he is all fault who hath no fault at all. Certainly that would apply to broadcasting. As soon as anybody can feel sure that when he turns on the radio he will hear only a voice with which he agrees, the time for turning on the radio will have gone by.

It is very difficult to know what should go on the air. It is not enough to keep within the law; one must always keep within good judgment and realize that he has a franchise to the ears of the thinkers and listeners all over Canada, and must give them, not necessarily that with which they agree, but certainly that which is not profane, or immoral; which, to use the words of one of the speakers this morning is not anti-social. But for goodness' sake, let us not put a ban on the cranks; they are the ones who stir us into action.

Hon. L. M. Gouin: Honourable senators, I have listened with great attention to the remarks which have been made on this very important bill. First of all, I wish to join in the protests which have been made today by my fellow senators from Toronto-Trinity (Hon. Mr. Roebuck) and Churchill (Hon. Mr. Crerar) and, I believe, last week, by the leader of the opposition (Hon. Mr. Haig), concerning the fact that these important measures come to us by the truckload—so to speak—at the very end of the session. I think that this system, or absence of system, is one of the factors which, sorry as I am to have to say it, tend to discredit this house in the eyes of the public. All of us are put in a humiliating position when we have to stand up suddenly and approach so momentous a question as, for instance, the very nature of the rights of those who are interested in broadcasting, the private stations and the state-owned radio.

Two suggestions have come to my mind concerning the possibility of adopting some procedure which would put us in a more favourable position to do full justice to the subject of these various government bills which reach us only in the dying hours of the session. The honourable senator from Toronto-Trinity, whom I greatly esteem, has made a suggestion which surely deserves consideration, that at the beginning of the session the Senate should take a fairly long recess, and that at the end of the session we should remain on watch, maintaining our vigil as long as is necessary. However, in all fairness to our colleagues who live at a great distance from Ottawa, those who are neither from the Queen City of Canada nor the metropolis of Montreal, it must be remembered that they would be greatly handicapped if they were obliged to come here for the opening of the session and then return to the west coast or the east coast or some other distant place. Personally I am inclined to think that what, under the very able leadership of our colleague from Churchill (Hon. Mr. Crerar), we did concerning the budget is the only practical solution. For instance, if the subject-matter of Bill 17 had been referred to the Finance Committee at any appropriate date during the session, it would have been possible for the members of that committee, or others who wanted to attend its meetings, to get a much better picture of the subject than the one I myself have just now. I am more or less like a lawyer who at the very last moment is entrusted with a case and has to plead it. So I make these remarks fully realizing that I cannot do justice to this very difficult subject.

On the vital question of the nature of the rights of those who exploit private broadcasting stations, which we have just heard discussed by the honourable senator from Toronto-Trinity, may I first say that I am not personally interested in any station, so that I am able to express freely what my conscience requires me to say on the subject. As an example of these private enterprises, consider what I would call an historical broadcasting station, CKAC Montreal. Let there be no doubt about it that this station and others like it enjoy the support and sympathy of the French-speaking public. All I know about the actual ownership of CKAC is that according to my information, it is the property of *La Presse* newspaper. I do not argue that the owners have a legal vested right in the channel used, but—and I say this sincerely, and not merely in compliment to our colleague, the honourable senator for Repentigny (Hon. Mr. DuTremblay)—this station has been giving exceedingly satisfactory service to our French-speaking public; we regard it as a national institution, and it is listened to with the greatest attention and satisfaction by great numbers of working people in such areas of Montreal as St. Henri, my own native constituency of St. James, and the northern part of the city. For these

listeners it is literally a friendly voice. I believe that this station enjoys more popularity than any other; and I would suggest that it has acquired at least some equitable rights on its own wave length. So, although sometimes our opinions differ, I do not for a moment assume that the excellent governors of the Canadian Broadcasting Corporation would act like bandits—if that expression is permissible—or would attempt to confiscate Station CKAC. I contend that the users of that wave-length, through their efforts over a long period of time—longer than the thirty-year period allowed for prescription under our system of law—have at least a moral right to their property.

I had difficulty in following the argument that the air belongs to the Canadian people. The lands in Canada which have not already been granted by various Crowns—in the old days by the French Crown and later the British Crown and today the Canadian Crown—are the property of our people. The air we breathe in Canada belongs to our people and cannot be appropriated. The airways also belong to our people, but from time to time companies such as the TCA or Colonial Airways may obtain flying rights through definite air channels from Montreal, say, to New York. The St. Lawrence river belongs to the Canadian people, and resembles the airways more than anything else because it has an international aspect in that our neighbours to the south have certain rights on the river. The vessels of various shipping companies serve our people on the St. Lawrence, and sometimes those companies obtain the equivalent of franchises.

Honourable senators, I think that a Senate inquiry into this whole problem at some future session would make a most interesting and worth-while contribution to parliament. Our colleague from New Westminster (Hon. Mr. Reid) has made several references to broadcasting problems, but in these final days of the session he is unable to be here to take part in the debate. Rightly or wrongly, I am convinced that it is illogical to have one corporation sit as a judge and decide upon questions which affect not only its own interests as a national broadcasting system but the interests of its competitors.

Under this legislation there is a right of appeal to the Exchequer Court in matters of law, but in my opinion there would be very few questions wholly of law. Generally speaking, the questions would contain an element of law and an element of fact. Let us take for granted that the governors exercise their discretion in a fair way. This does not mean that they cannot err, and of course I think they would be the first to recognize that they are not gifted with infallibility. If at some future date we set up a committee to study this problem, I would be anxious to make full inquiries about this right of appeal, and to make sure that the body responsible for supervising broadcasting in Canada is set up along the lines of the Board of Transport Commissioners, as was mentioned by the honourable senator from Cariboo (Hon. Mr. Turgeon) this morning.

The honourable senator in his speech made reference to the Massey Report and the cultural aspect of broadcasting. Our colleague from Churchill (Hon. Mr. Crerar) also touched upon this subject. This is hardly the proper time for me to make any prolonged statement about culture as dispensed by the C.B.C. and by private stations, but I want to say that we have a French program called Radio-College, which is universally accepted by French radio audiences as one of the outstanding contributions of the C.B.C. It is an excellent program and I have never heard any complaints about it. But educational programs and federal grants to universities do raise vital problems, because the whole question of provincial rights in the field of education becomes involved. I have been a university professor since 1919, and during those years have been teaching—either to my credit or to my debit—

Hon. Mr. Roebuck: To your credit, I would say.

Hon. Mr. Gouin: —and if a committee were set up I would try to freely express my opinion about the cultural aspects of broadcasting.

At the present time I want to address my remarks to certain programs to which strong objection has been taken. I do not like censorship any more than anyone else, and I particularly believe in freedom of speech. Within reasonable limits I am in favour of having all legitimate political parties express their opinions. This is a good thing. The senator from Carleton (Hon. Mr. Fogo) said that the presentation of news of a political character was very satisfactory. It is true that complaints have been made from time to time by various parties. Personally I think that neither the Progressive Conservative party nor the Liberal party often got too much from the C.B.C. The broadcasts in English that I have listened to expressed views that generally were rather more to the left than mine, and on the contrary the broadcasts in French were often more to the right than I am. From this I imagine that I am more or less in the centre field.

But even though we are in favour of freedom of speech, as we all are, we certainly agree that there are limits to it. It was said by the senator from Carleton (Hon. Mr. Fogo) that a check is imposed on radio stations by the criminal law, the civil law and the law

of good taste. But some of the matters that are broadcast are in a sort of no man's land, so to speak. A certain program which I found absolutely shocking from a religious or moral point of view does not come within the provisions of any definite section of the Criminal Code.

But since a great deal of the money needed to sustain the state-owned broadcasting system is paid by the taxpayers, surely they have a right to expect from it a little more toleration for their religious opinions in particular. Surely we cannot be blamed for protesting if our money is used to broadcast very objectionable remarks concerning what is most sacred and most dear to our hearts. I think we all agree that we live in a Christian democracy. We have no right to impose our own religious beliefs on other people. I am sixty years old now, and during political campaigns in the past people have said very unpleasant things against me, but I think no one ever taxed me with religious fanaticism. I believe in religious freedom. I belong to the Council for Christians and Jews. I frankly admit that I may have made errors in the past, but—to use a phrase which Laurier frequently uttered—never knowingly have I raised my small finger to stir up religious or racial prejudice. I say we live in a Christian democracy, but that does not mean that we have no toleration for non-Christians—that my Jewish friends, for instance, are to be persecuted for their beliefs. During the war whenever I could do anything for Jewish refugees who were victims of Nazism, I did it with all my heart, and the gratitude which these people have shown to me will remain one of the great satisfactions of my life.

Our fundamental principles in this country are what I would call our Judaeo-Christian morals, principles which go back to Moses and the Old Testament. Certainly the Canadian people would not willingly spend their money to have these principles attacked. Radio programs which I have occasionally heard have shocked me. I do not claim that all the programs in the series have been of the same kind, but recently many people have protested against programs which they declared to be simply atheistic. Well, I do not want to persecute atheists—as a matter of fact, I rather pity them—but I do not think they have acquired vested rights to the air, or that they are entitled to a right to broadcast their opinions. There should be a prohibition of broadcasts which directly or indirectly tend to undermine the respect that we all have for our democratic institutions. I am not thinking only of the Senate when I say that. Though I am quite accustomed to abuse I am rather astonished that broadcasting facilities should be so generally put at the disposition of people who make abusive remarks. Of course, in the end these remarks probably do not harm us so much as the people who make them. Insults have never constituted an argument.

Honourable senators, I repeat that we live in a Christian democracy. We want our children and our grandchildren also to live in a Christian democracy, in a land of justice and toleration. Therefore we are anxious that our Christian and democratic institutions be preserved, and we do not want to run the risk of having them destroyed gradually by those who grossly abuse freedom of speech. The least we can expect from broadcasting stations, in particular those of the C.B.C., is that they be true and faithful guardians of our Christian civilization and of the two noble cultures which we have inherited from France and Britain.

Some Hon. Senators: Question.

Hon. Mr. Robertson: Honourable senators, before the debate is closed I wish to make one remark. The senator from Prince (Hon. Mr. Barbour) asked me if I could tell him in what years the C.B.C. has had a surplus and in what years a deficit. That is a very pertinent question, and as I have not the information here I would suggest that it would probably be forthcoming in committee if my honourable friend repeated his question there.

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

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

NORTH FRASER HARBOUR COMMISSIONERS BILL

SECOND READING

Hon. Mr. Robertson moved the second reading of Bill 8, an Act to amend the North Fraser Harbour Commissioners Act.

He said: Honourable senators, the amendments in this bill seek to do two things. One is to increase the number of commissioners from the present three to five, and the other is to provide that the chairman and other commissioners may be paid, out of the revenue of the corporation, such remuneration for their services as the Governor in Council may from time to time determine. The present Act does not authorize payment of salaries to the commissioners, although for quite a number of years they have been receiving salaries out of the commission's income from harbour dues.

Two of the commissioners have each been paid $150 a month, and the chairman $200 a month, plus $75 for expenses. Section 2 of the bill authorizes the Governor in Council to determine the amount of salaries to be paid to the chairman and the other commissioners.

At present two of the three commissioners are appointed by the Governor in Council; the third is appointed jointly by the three municipalities, Vancouver, Burnaby and Richmond. It is proposed that the number of commissioners be increased to five—four of whom will be appointed by the Governor in Council—so that there may be a wider representation of interests on the commission than at the present time.

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

REFERRED TO COMMITTEE

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

Hon. Mr. Haig: It need not be referred to a committee.

Hon. Mr. Robertson: I gave an undertaking to the Law Clerk that these bills would all go to committee, so that he could examine them. I therefore move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

NATIONAL GALLERY BILL

SECOND READING

Hon. Norman P. Lambert moved second reading of Bill 42, an Act respecting the National Gallery of Canada.

He said: Honourable senators, I am very pleased to say that this bill represents one feature of the Massey Report which, as far as I am concerned, is entirely acceptable. I was also glad to note that the measure passed through the other house almost unanimously.

The bill before us seeks to do four things, namely:

(1) to increase the number of members of the Board of Trustees from five to nine members;

(2) to provide that the board may enter into contracts and may dispose of property vested in the board;

(3) to provide for a National Gallery purchase account and a special operating account, to meet the expenditures of the board; and

(4) to make provision for the appointment of necessary officers and employees, in accordance with the terms of the Civil Service Act.

I may say that the setting up of a special operating account for the gallery is in keeping with the procedure followed in relation with the Federal District Commission, whereby appropriations are made by parliament every year to provide for the acquisition of properties by the commission in connection with the planning of the city and surrounding district. The provision in this bill relating to the National Gallery is similar in character.

One could say a good deal about the National Art Gallery, but time forbids. I should like, however, to refer to the history of the development of painting in this country during the past hundred years, commencing with the advent of the great Krieghoff pictures and coming up to the present time. There was gradual growth up until about 1913, but since that time there has been a very pronounced development of a Canadian type of art, which has served to identify us as a people not only to ourselves but to countries throughout the world. Painting is the one artistic medium through which the people of this country have been more adequately interpreted to the people of other lands than any other. The National Gallery, which is the centre of this effort on the part of Canada, should therefore receive our earnest attention and sympathy.

I need only refer to the fact that during the recent war about 10,000 reproductions of Canadian pictures were sent in the form of silk screen prints to all parts of the world where Canadian troops were stationed. These prints represented, I think, the best of our Canadian painters, and the wide distribution did more than any other one thing in the past fifty years to stimulate interest in and an appetite for Canadian painting. One had ample opportunity to judge that result in the years following the war. I have observed here in Ottawa that young men and young women, when they returned from overseas, would spend a few days here on the way home to other parts of Canada, and would visit the Art Gallery to see for the first time the originals of many of the prints that decorated their mess halls and common rooms in various parts of the world.

I should like to refer particularly to something that was said a couple of years ago by one of the founders of the School of Seven, which has been an outstanding influence not only in popularizing Canadian paintings among ourselves, but in establishing a title for Canadians abroad. Mr. Lawren Harris, one of the outstanding leaders and founders of that movement when it was organized in 1910, in an address to the Canadian Historical Society, said this:

> It is largely through the basic interplay between our vast land and the response it inspires in our hearts and minds that we shape our character and outlook as a people. Through the arts as an expressive and creative instrument we are able to bring our great environment into effective focus.

I think that that expression adequately sets forth the achievements that our Canadian artists on canvas have made towards unifying this country and, as I said presenting it as an entity more adequately than has been done through any other form of artistic endeavour. We are making progress in other arts, such as music, literature and architecture, but I think that the gifts of our Canadian painters, more clearly than any other agency, have given us a glimpse of what we think of Canada when we try to observe it as a whole.

A good deal has been said about the services of the Art Gallery in establishing local facilities and sending travelling exhibits of pictures to the rest of Canada. These services have been performed conscientiously and well, within the limits of the facilities under which the officials of the gallery have had to work. All I want to say is that a great deal of the interest which is manifested in Canada today is due to the devoted efforts of our pioneer artists themselves and the vast group, —now almost numberless, and located in almost every centre of any size, to expressing in paint and on canvass the aspirations of Canada. Those artists deserve our thanks and acknowledgments. In passing this bill to provide the Art Gallery here, in compliance with the recommendations of the Massey Report, with greater facilities for carrying this message from the artists of Canada to our people as a whole and to countries abroad, we are not only complimenting ourselves but rendering a service to the country as a whole now and for the future.

Hon. Mr. Roebuck: Is there any proposal to build an adequate art gallery at the National Capital?

Hon. Mr. Lambert: I meant to refer to that. There is in the bill no reference to the new quarters which, I know my honourable friend will agree, are badly needed if they are to be commensurate with the representative character of our artistic activities. But there is a plan for a new gallery. The Greber plan model, as anyone who has looked at it will know, has marked on it a place for a new gallery. It remains for the directors of the gallery and the Federal District Commission to agree upon the desirability of that site. The site which is marked in the Greber plan is immediately on the far side of the new bridge. Elsewhere a suggestion has been made that the site should be at the foot of Elgin street, in territory which would have to be cleared. That question has yet to be decided, and therefore no reference to it is made in the bill; but from what I know, I believe that before very long steps will be taken to establish new housing for the Art Gallery.

Hon. Arthur W. Roebuck: May I congratulate the honourable senator from Ottawa (Hon. Mr. Lambert) on his presentation of this bill. I do not know how far the bill will go in carrying us forward, but certainly it can do no harm. I would like to express my agreement with the statement of my honourable friend about the importance of the subject and the marvellous grip which painting has taken upon the Canadian people, inducing them not ony to admire the works of others but to actually do something themselves. This, I think has advantages. I was speaking last Saturday to a teacher in the Ottawa Technical School, and he told me that in Ottawa the interest in painting is so great that no less than two hundred and fifty students are attending night classes to learn to paint, and he rather feared that the time would come when the wall space of the city would be exhausted.

Hon. Mr. Lambert: Are senatorial candidates included?

Hon. Mr. Roebuck: Oh, yes. Painting is a lovely occupation; it is highly cultural and provides great pleasure and adventure. As a sport there is scarcely anything that exceeds it in attractiveness, and anything we can do to improve the culture of our country in this field is our duty.

I am glad to see this bill; I think it has certain virtues; and I am quite sure that it will pass.

Hon. Mr. Haig: I do not intend to continue the discussion, but I was hoping that the distinguished senator from Thunder Bay (Hon. Mr. Paterson) would say something. My city is under great obligation to him for his encouragement to the Art Gallery and to art work in Winnipeg.

Some Hon. Senators: Hear, hear.

Hon. Norman M. Paterson: I had no intention of speaking on this bill, though I am vitally interested in it, having worked very closely in certain instances with Mr. McCurrie, and having donated at least one or two works of art here. Some years ago, after visiting the continental galleries and spending a winter in Bournemouth, I became very much interested in pictures. Really, as a hobby it is worse than fishing. When a man comes along with pictures, even though your walls are crowded with them, you start stacking them in the cellar; you cannot resist buying. It is an awful disease.

I want to pay tribute to our National Gallery. After visiting the Tate Gallery, the National Gallery and the Kensington Art Gallery in London, I can say that we have

in Ottawa an excellent selection of pictures; and not only that, but they are kept in very fine condition. I highly recommend our four Canalettos; I think they are the finest in the world. All of them are now in our gallery unless some are out on loan. We also have some Van Dycks, a Titian, and a Constable which any gallery would find hard to beat.

I am very glad to see this bill before the house. I hope that Ottawa will soon have accommodation in which to put a still better collection.

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

REFERRED TO COMMITTEE

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

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

The motion was agreed to.

CANADA ELECTIONS BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 41, an Act to amend the Dominion Elections Act, 1938, and to change its title to the Canada Elections Act.

He said: Honourable senators may recall that during the last three sessions of parliament a special committee of the House of Commons was set up to study the several amendments to the Dominion Elections Act, 1938, and amendments thereto suggested by the Chief Electoral Officer, and to suggest such further amendments as the committee deemed advisable.

Last November 16th the special committee presented to the House of Commons its second report, to which was attached a proposed draft bill embodying its recommendations. The bill which is before us is identical with that draft bill and, generally speaking, contains technical amendments suggested by the Chief Electoral Officer to the various sections of the Dominion Elections Act, 1938. It also contains the amendments suggested by members of the special committee.

Honourable senators, it has been the practice of this house to take the view that the members of the House of Commons, as the elected representatives of the country, are really more directly concerned with bills of this kind than we are. Nevertheless, it is our duty to give this legislation our full consideration.

Hon. John T. Haig: Honourable senators, do not intend to confine myself to the provisions of this bill; and I only regret that it does not contain some provisions which I think should be in it. I think there should be provision for a single transferable vote in our dominion elections.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Haig: I understand that this suggestion was made to the committee in the other place, and I should like to say a few words about it. The way the single transferable vote works in Manitoba is this. Several candidates may be put up: a Liberal, a Progressive Conservative, a C.C.Fer, an Independent, and perhaps a communist. The voter puts "1" opposite the candidate of his choice. Then he puts "2" opposite the candidate of another party who in the alternative, would be his second choice. Then he puts "3" opposite his third choice, and so on. Some may ask how you can do this when the policies of the different parties are not the same. Well, you decide beforehand for whom you wish to vote. Then you decide who, in the alternative, you would like to see elected. For instance, when I go to the poll I decide that my number one choice is the Conservative candidate. My next step is to decide whether I want the Liberal, the C.C.F., the Independent or the communist candidate.

Hon. Mr. Paterson: Do you have to vote for the others?

Hon. Mr. Haig: No, you can vote for one and call it quits, or you can vote for two and call it quits, and so on. It is argued that it is not a good idea that a candidate should be returned on a minority vote. But that is not really what happens. At a Conservative convention they try to nominate a candidate who will be the second choice of non-Conservative voters. In other words, they nominate a man or woman whose character and ability will command a great deal of public support. It will be said that this is true in any election, but it is not the same thing at all. Honourable senators, you would be surprised to learn that all this results in only one or two changes in each election.

Hon. Mr. Lacasse: In the selection of candidates?

Hon. Mr. Haig: Oh, it makes a big difference in the selection of candidates, but the results of the election show little change. I remember well what happened in Minnedosa during a provincial election when on the first count one candidate had a majority of five votes over the second-place candidate. The third candidate then dropped out and his

second-place votes were added to the votes of the other two candidates, and when they were all counted, they indicated that the majority of people wanted the man who had finished second on the first count. I suggest that Canada ought to adopt the single transferable vote system. I admit that it would only make a difference in about four or five cases in a dominion election, but I think the standard of candidates would be improved, because they would have to attract the votes of followers of other parties.

Honourable senators, I have nothing else to say about this bill, and I would be willing to have it given third reading at this time.

Hon. G. P. Burchill: Honourable senators, I agree with what has been said by the honourable leader opposite (Hon. Mr. Haig). I have always been intrigued by the single transferable vote, and I think that it would improve our electoral system.

Honourable senators, I indeed regret that it is deemed necessary or desirable to drop the word "Dominion" from the title of this Act. I suppose it is just a matter of sentiment, and does not make any difference one way or another; but in the face of present world conditions I wonder if this is an appropriate time to drop this appellation. I belong to a class of people—perhaps it is too old a class, but at any rate it is a class—who cherish what they were taught when they went to school concerning the origin of the word "Dominion". When Canada was coming into being as a nation that word was proposed by a Canadian statesman who belonged to my native province—proposed by a Canadian, for Canadians—as the name of our country. The word was chosen from a passage in one of the Psalms:

> He shall have dominion also from sea to sea . . .

That sentence is inscribed over the main door of this parliament building.

As I say, a liking for the name is perhaps just a matter of sentiment. But today many large industrial and commercial enterprises which are part of the fabric of this country have incorporated that word into their own names, and are proud of it.

I want to place myself on record in this chamber as regretting very much indeed that it was felt necessary and desirable to drop that ancient name to which we have all become so accustomed.

Hon. Mr. Marcotte: Are you sure that because the word is being dropped it will disappear from use?

Hon. Mr. Burchill: I am not sure of that. I am sorry that the name is being dropped.

Hon. Arthur W. Roebuck: Honourable senators, I take the different view with regard to "dominion," and am rather pleased to see the disappearance of that word, ancient though it is, in favour of the simple word "Canada." The British North America Act does not call Canada "The Dominion of Canada." It says that this country shall be a dominion, called Canada. I like "Canada" better than "Dominion", with its connotations. So that feature of the bill does not offend me.

But there are two other points in addition to what was referred to by the leader of the opposition (Hon. Mr. Haig), omissions from the bill rather than contents. The bill may be more important in what it leaves out than in what it takes in. I agree with him fully, as he knows, on this matter of the transferable vote, and I may tell him that the recent election in the Province of Ontario to which he referred this morning, might not have gone quite the way it did had the transferable vote been in effect. The election gave to the party which succeeded only 48 per cent of the total vote cast, but due to a division of it sopponents, the government was returned by a sweeping majority of members of the House of Assembly. In constituency after constituency the successful candidate was elected by a minority of voters, and I submit this is an unhealthy thing. But the difficulty about getting the transferable vote made part of our electoral system is that governments like to see their oppositions divided, and so hesitate to adopt the transferable vote. Of course parties out of power favour it, but when they get into office they look at the picture from a different angle. I should like to see provision for the transferable vote in our Act, and I suppose that will come in due season.

Another thing which I should like to see at least considered when we are next dealing with the Elections Act is a limitation such as they have in England on election expenses. Elections have been becoming more and more expensive as years go by, and the outrageous sums—I do not think that term is an exaggeration—the outrageous sums which are expended on elections in this country are in fact a scandal. It is time that we adopted the English method and made it illegal for any candidate to spend more than a very moderate amount. Such a rule would improve the moral tone of our election campaigns and, I think, might lead to greater purity in governments after their election.

Another thing which I should like to see considered, and which of course is not in this bill, is some form of compulsory voting. As things are at the moment, that party wins which gets out its vote. In any close contest the party which actually polls its favourable vote will win over the side that has not the same efficiency in this respect. So elections frequently turn not on the popularity of the

candidate or of his cause, but on the effectiveness of his organization on election day, and that effectiveness frequently depends on the amount of money that he has to spend.

I think all politics would be better and purer and nobler if our election law provided for a compulsory form of voting, the transferable vote and a limitation on expenses of candidates. Perhaps when we get into committee we might get the views of officials as to how these changes could be carried out. The bill no doubt is a good one, but we have had very little time as yet to study it. We need more time for the important legislation that is going through our hands.

Hon. Gray Turgeon: Honourable senators, I had not the faintest intention of speaking on this particular bill, but because of some suggestions that have just been made and of the fact that the bill will be going to committee I do wish to say a few things. First of all, I am deadly opposed to compulsory voting, on principle. I am also opposed to the alternative vote, on principle. I wish to emphasize that the alternative vote is not worth anything unless voting alternatively is itself made compulsory. I am against the whole system of proportional representation. I listened to the illustration given by the leader of the opposition (Hon. Mr. Haig), in which he pictured candidate No. 5 as the Communist Party candidate in an election campaign. He said he would not vote for No. 5, that that candidate would get the smallest vote. But the supporters of No. 5 would be the first to get the right to vote the second time; they could vote a second time while the supporters of those who got the most votes, but who did not get a majority, would not have the right to vote twice at all. The only persons who would vote a second or third time and have their vote counted would be supporters of the candidate who got fewer votes than the successful candidate did.

That general sort of system has been in effect in Europe, and what do we find there today? In the parliaments of France, Italy, and other countries aligned with us in the North Atlantic Treaty, representatives of parties which received the smallest support from the electorate are frequently in a position to prevent the carrying out of treaties entered into by the governments of those countries with their partners in the North Atlantic Treaty organization. I suggest that we should keep facts like that clearly in mind when we are considering changing our electoral laws as has been proposed today.

As to election expenses, I wish to call one matter to the attention of the senator from Toronto-Trinity (Hon. Mr. Roebuck). I remember that some years ago a question similar to that which he has just raised was brought up in the other house. Judgment as to the amount of expenses allowed was to be based upon the number of voters in the district. Perhaps in the area to which I refer I was an interested party, for I happened to represent the district of Cariboo, which extended from within ten minutes flying time of the Vancouver airport to the Yukon and the Northwest Territories. The number of voters in that immense area was very small compared with the number in any of the several constituencies in the city of Vancouver. The amount of money suggested by the committee of the other chamber was so small that a candidate in that large area would be prohibited from spending enough money to enable him to visit the people whom he hoped would vote for him. That presents a problem which we should keep in mind. I am not objecting to a reduction of the moneys spent on election costs, but in the interests of the candidates who run in the rural districts, particularly in the northwest, where the voters are sparse, we should allow an amount sufficient to carry on the election campaign.

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

REFERRED TO COMMITTEE

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

The motion was agreed to.

CIVIL SERVICE BILL

SECOND READING

Hon. Wishart McL. Robertson moved second reading of Bill 43, an Act to amend the Civil Service Act.

He said: Honourable senators, the purpose of these proposed amendments to the Civil Service Act is to provide that the salaries of the Civil Service Commissioners shall be set by the Governor in Council, and that the Governor in Council, on the advice of the Prime Minister, may retain the services of a commissioner beyond the age of 65 years.

The Civil Service Commissioners are, by statute, given the rank and standing of deputy ministers. The question of their continuation in office beyond the age of 65 years and of the determination of their salaries are not, however, subject to the same procedure applicable by statute to deputy ministers, namely, action by Governor in Council. As a consequence, increases in compensation granted to the Civil Service Commissioners have been authorized by means of an item in the estimates; similarly, to extend the

chairman's term of office past the age of sixty-five an item was also inserted in last year's Appropriation Bill.

Objections to "legislation by appropriation" have from time to time been voiced. It was decided to set the matter straight this session, and to make for the Civil Service Commissioners the same provisions regarding extensions in office and salary changes as apply in the case of deputy ministers.

Section 1 of the bill provides for the extension of a commissioner in office beyond the age limit of 65 years, for a period not exceeding five years. This is the same as the provision for deputy ministers, with the added proviso that a commissioner's extension must be on the recommendation of the Prime Minister.

Section 2 of the bill provides the same procedure for the adjustment of the salaries of commissioners as is now provided for deputy ministers. The salaries provided by the Act as it stands are $10,000 for the chairman, and $8,000 for the commissioners. Their actual salaries since April 1, 1949, have, under the Appropriation Act, been $12,000 and $10,000 respectively.

These are the only changes the bill makes in the Civil Service Act, which still preserves in full the independence of the Civil Service Commission and the freedom given it to operate the merit system.

Hon. Mr. Roebuck: Which commissioner is this measure aimed at?

Hon. Mr. Robertson: It applies to the Civil Service Commission.

Hon. Mr. Roebuck: But I suppose that one of the commisisoners is approaching the age of 65 years, and it seems desirable to keep him on.

Hon. Mr. Haig: One is over 65 years.

Hon. Mr. Robertson: Those over the age limit are being kept on by order in council, I presume.

Hon. Mr. Roebuck: Does this apply to the chairman?

Hon. Mr. Robertson: Yes.

Hon. Mr. Roebuck: He is a very good chairman.

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

REFERRED TO COMMITTEE

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

Hon. Mr. Marcotte: Should this bill not properly be sent to the Civil Service Administration Committee?

Hon. Mr. Robertson: Strictly speaking, my honourable friend is quite right, but by reason of the late stage of the session, I thought it would expedite matters if all legislation were referred to the one committee, namely, the Committee on Banking and Commerce.

Hon. Mr. Marcotte: Personally, I am quite agreeable to that procedure. I simply wished to inquire why it was not being referred to the Committee on Civil Service Administration.

Hon. Mr. Robertson: By this means there will be maximum consideration given to the measure.

The motion was agreed to.

FINANCIAL ADMINISTRATION BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill 25, an Act to provide for the financial administration of the Government of Canada, the audit of the Public Accounts and the financial control of Crown Corporations.

He said: Honourable senators, as the title of this bill implies, the bill provides for the financial administration of the Government of Canada, for the audit of Public Accounts, and for the financial control of Crown corporations. The substantial provisions of quite a number of existing statutes have been consolidated in this bill. By reference to schedule E honourable senators will notice that no less than seven existing statutes are included in whole or in part in the measure now before us. I wish now to refer to only two of them.

The Department of Finance and Treasury Board Act is not wholly repealed, but the sections which remain unincorporated are those relating to the Royal Canadian Mint. The only other of the seven statutes which is not incorporated in its entirety in the bill is the Government Companies Operation Act. Certain sections of this Act are to be repealed and, in substance, appear in the new bill. Other sections, having to do with pension rights, the status of a government agency, and the right to sue and be sued are left outstanding. What may be their ultimate destiny one can only guess, but I venture to say that at a subsequent session of parliament some separate enactment will be introduced to deal, for instance, with the Royal Canadian Mint and with powers contained in the Government Companies Operation Act which are withheld from the consolidated bill before us.

It is not my intention, and I think honourable senators would prefer that I tell them so right away, to go into any detailed explanation of the operations of the public account-

ing system, or of the duties of the Minister of Finance, the Auditor General, the Comptroller of the Treasury and other officials. What I propose to do is simply to state in a general way what the bill does, and then to refer to some of the changes which differentiate this bill from the existing legislation.

Hon. Mr. Roebuck: To what bill is the honourable senator referring?

Hon. Mr. Hayden: Bill 25. I believe copies were distributed this morning.

In a general way this bill may be said to have three functions, as enumerated in the title. The first is to provide for the financial administration of the Government of Canada.

For this purpose, certain sections of the Department of Finance and Treasury Board Act and the Consolidated Revenue and Audit Act, 1931 have been gathered up and simplified and clarified, and in some instances amended, and incorporated in this bill as being the framework of the law and the procedure which are to govern the financial administration of the Government. The audit of the public accounts, it will be noted, is included in the title.

The second feature of Bill 25 is that it provides for the operation of a central stores account. Heretofore various departments of government have maintained their own stores accounts, and under a statute known as the Department of Transport Stores Act, procedures and mechanism are provided for the handling of stores in relation to the Department of Transport. What is being done under the second phase of this bill is to repeal the Department of Transport Stores Act, to gather up the practice and procedure under that Act to the extent that it serves as a good model, and to provide the mechanism for a central stores account. I shall have something to say about that in a moment.

The third feature is to establish a more uniform and comprehensive system for regulating the financial arrangements between the government and its Crown corporations. It will be recalled that, particularly during the war years, a number of Crown companies were set up at various times pursuant to the provisions of the Department of Munitions and Supply Act. Under the authority contained in that act, and by virtue of orders in council passed from time to time, a company would be incorporated under Part I of the Companies Act of Canada. The powers in connection with the audit would usually be provided for in the by-laws of that Crown company, and the auditor would be named under the provisions of the Companies Act. In this bill a procedure is established to deal with various classifications of these agencies or Crown companies.

I think at this stage I should mention schedules B. C. and D. which will be found at the end of the bill.

Schedule B contains a list of the type of Crown corporations defined in the new bill as being departmental corporations. It includes such bodies as the Agricultural Prices Support Board, the Dominion Coal Board, and the National Gallery of Canada.

The groups in schedule C are known as agency corporations, which under the bill are one form of Crown corporations. Among them are such well known bodies as Canadian Arsenals, Canadian Commercial Corporation, and National Harbours Board.

The third group, comprised in schedule D, are known as proprietary corporations. In this list will be found such well known names as the Canadian Broadcasting Corporation, Canadian Farm Loan Board, Polymer Corporation, and Trans-Canada Air Lines.

Let me illustrate the difference in terms relative to these three groups of Crown corporations.

The agency corporation group, comprised in schedule C, are required to submit operating budgets as well as capital budgets. These operating budgets, to be submitted annually, require the approval of the appropriate minister and also of the Minister of Finance, but they need not necessarily be laid before parliament.

So far as concerns the agency corporations and the proprietary corporations, these are types of bodies that are listed in schedules C and D; for example, in C, Canadian Arsenals; in D, Polymer Corporation. Both these types of Crown corporations must submit annually capital budgets, which require, in addition to the approval of the appropriate minister and the Minister of Finance, the sanction of the Governor in Council.

In schedule B will be found the departmental type of Crown corporation, for example the Agricultural Prices Support Board. So far as the audit is concerned, this type of body is subject to the general audit provisions of the bill.

I will now touch briefly on a few changes contemplated in the bill. Under existing legislation the Auditor General is required to do a prepayment audit of accounts, and there seems to have been some duplication there, because the Comptroller of the Treasury has an obligation to audit accounts before payment is made. The Auditor General himself raised the question of whether, if on information he then had he made some prejudgment of a particular account that was before him, it might afterwards be thought that his consideration of additional material was prejudiced by reason of his having studied the matter at an earlier stage. In the

present bill the functions are divided, the Comptroller of the Treasury taking on the job of auditing and passing on the authority, and so forth, before payment is made on an account. The Auditor General's function is then limited to auditing payments, and he is thus relieved of the responsibility of doing a prepayment audit, which he must do under the present law.

Another change authorizes the Governor in Council to delegate more of the powers and duties of the Cabinet to the Treasury Board. Here I would refer honourable senators to section 5, at page 3 of the bill, which outlines the duties of the Treasury Board. It provides that the Treasury Board shall act as a committee of the King's Privy Council for Canada in an advisory capacity. The Treasury Board now acts in that capacity in relation to certain matters, but additional items brought under its advisory purview by subsections (1) and (2) of section 5, include such things as estimates, financial commitments, establishments, the terms and conditions of employment of persons in the public service, and general administrative policy in the public service. The idea behind this amendment is to take some of the load off the Governor in Council—in other words, the Cabinet—so far as the accumulation of routine work is concerned, and to pass this work to the Treasury Board, which is really a committee of the Cabinet. The Treasury Board is to review the matter and then make recommendations to the general body of the cabinet, which will then deal with it. Honourable senators will also observe that under subsection (2) of section 5 the Governor in Council may authorize the Treasury Board to exercise all or any of the powers, other than the powers of appointment, of the Governor in Council under the Civil Service Act, the Civil Service Superannuation Act, the Defence Services Pension Act, and parts II to VI of the Royal Canadian Mounted Police Act. These are administrative functions. For instance, the parts referred to in the Royal Canadian Mounted Police Act have to do with provisions dealing with pensions for constables and officers, and matters of that kind. It would appear to be a move in the right direction to relieve the Cabinet as a whole from dealing with the full load of routine responsibilities in the first phase at any rate.

Section 7 of the bill increases the power of the Treasury Board to make regulations. I would illustrate this by referring to just one item—paragraph (b) of section 7—where it is provided that the Treasury Board may make regulations respecting the keeping of records of property of His Majesty. Heretofore the various departments have been maintaining records independently, and this provision will enable the Treasury Board to set up a uniform system of recording, which will mean that the records will be more accessible and easier to understand, because they will be correlated according to common practice.

Section 17 of the bill provides that the Minister of Finance may acquire securities. This conforms to the present practice, and naturally the authority to invest is limited to securities of the Government of Canada.

Part V of the bill, which is new, provides for the machinery for setting up a central stores account. From time to time we have been dealing with the question of revolving funds. Some of these have been provided for under special Acts of parliament, and in this case provision is made for the mechanism to handle the central accounting of stores. The authority to set up a revolving fund, as a result of which stores may be accumulated, will still have to be provided by parliament under certain Acts before the provisions in Part V can start operating.

Another point I wish to mention seemed to engage the attention of the committee of the other place for some time, and led to some of the amendments incorporated in the bill now before us. It has to do with the authority to delete uncollectable items from the Public Accounts. As the bill was originally drafted, the limit was set at $100, and the uncollectable items were extinguished as well as deleted. Under the legislation now before the house, the Governor in Council, on the recommendation of the Treasury Board has power to delete from the public accounts items up to $500 which have remained uncollectable for over five years, and those accounts up to $1,000 which have remained uncollectable for over ten years.

Hon. Mr. Crerar: Are they to be noted by the Auditor General?

Hon. Mr. Hayden: At the present time they must be reported in the Public Accounts, but if this bill is enacted they may be deleted.

Hon. Mr. Crerar: With no reporting of them at all?

Hon. Mr. Hayden: No, but the debits are not extinguished, whereas the bill as originally drafted provided for their extinguishment.

Section 27 of the bill has to do with the payment of guarantees. Where a guarantee has been given under the authority of parliament by or on behalf of His Majesty for the payment of any debt, the amount required by the terms of the guarantee may, subject to the act authorizing the guarantee, be paid out of the Consolidated Revenue Fund.

Honourable senators, I think I have dealt with some of the more important issues in the bill. If I were to go into a lengthy explanation I would only succeed in wearying the house and in confusing myself. In summary form I can say that the substantial provisions of the existing statutes, which are contained in Schedule E, have been carried through. They have been simplified and clarified in order to conform to the practice which has developed over the years. In some instances where practice has shown that improvements can be made, the existing provisions have been amended.

Honourable senators, as the bill is going to committee, where we shall hear from some of the Treasury officials, I do not think it is necessary to give any further explanation at this time.

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

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 45, an Act to authorize the provision of moneys to meet certain commitments for new equipment incurred by the Canadian National Railways System during the calendar year 1951, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: Honourable senators, this bill would provide authority for the financing of railway equipment ordered in 1951. It may be recalled that in the Financing and Guarantee Act passed at the end of last session authority was granted to the railway company to incur commitments for the acquisition of new equipment in the amount of $111,512,920. It is now anticipated that $55,581,816 worth of new equipment will be delivered before next June 30, when next year's Financing and Guarantee Act can reasonably be expected to have received Royal Assent. This sum of roughly $55½ million covers the cost of 74 diesel units of various type and 6,415 cars of varying specifications.

May I point out just here that there is a difference between authorizing commitments, as we did last year, and authorizing payments for them. Had the time taken to deliver various equipment been as long as was anticipated, the probability is that payment for these diesel units and the cars could have been postponed until next session's Financing and Guarantee Act had been passed. But for various reasons it has been found possible to get delivery of equipment much earlier than expected, and so it is necessary now to authorize the expenditure of what it is thought will be a sufficient sum to pay for equipment received by the railway before June 30 next.

In briefly summarizing the provisions of the bill, I might say that section 3 authorizes the railway company to make expenditures to meet commitments that have been incurred in 1951 for the acquisition of new equipment in the amount of $55,581,816. Section 4 permits the company to issue securities to the public to provide funds for the payment of the equipment delivered, subject to the approval of the Governor in Council. The amount, of course, is limited to $55,581,816. Section 5 authorizes His Majesty in right of Canada to guarantee any securities issued under section 5. A general guarantee is signed by the Minister of Finance: each bond of a guaranteed issue is signed by an officer of the Department of Finance designated in the Order in Council authorizing the issue. New bonds issued for transfers or exchanges are signed by an officer of the Montreal Agency of the Bank of Canada designated by the Minister of Finance. Section 6 allows the Minister of Finance to make temporary loans, limited to $55,581,816, to pay for equipment. Section 7 gives authority to assist various companies comprised in the National Railway System. Some of the equipment being covered in this bill is for the Grand Trunk Western Railroad.

Hon. Mr. Burchill: I am not sure that I heard all that the leader said. May I ask if this sum which we are asked to vote now is in addition to the amount we authorized last session?

Hon. Mr. Robertson: No. Last session we authorized the railway company to incur commitments for the purchase of new equipment to the amount of approximately $111,500,000. It was expected that it would take some years to secure the whole of this equipment, and that none of it would be delivered before June 30 next, by which time the annual Financing and Guarantee Act may be passed. But for certain reasons—perhaps the urgent need of the equipment, plus availability of necessary steel—it is now expected that about half of the equipment whose acquisition has been authorized will be delivered before June 30. This bill does not authorize any additional commitments; it simply provides moneys to pay for some of the commitments authorized last session.

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

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PRAIRIE GRAIN PRODUCERS' INTERIM FINANCING BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 44, an Act to provide for short-term credit to grain producers in the Prairie Provinces to meet temporary financial difficulties arising from inability to complete harvesting operations or to make delivery of grain.

He said: Honourable senators, this bill is designed to provide short-term credit to grain producers in the Prairie Provinces to meet temporary financial difficulties arising from inability to complete harvesting operations or to make delivery of grain. This credit will be made through bank loans guaranteed by the Crown.

There are, at the present time, certain grain producers who, because of delayed uncompleted threshing, have been able to deliver little or no grain this year, and there are also some producers whose deliveries have been restricted by lack of available storage space in country elevators. The government feels that a restricted problem does exist, and has decided to make advances available through the chartered banks to producers in these circumstances.

Under the proposed plan, the banks will operate under an arrangement similar to the Farm Improvement Loans Act. They will make loans on their own account to farmers, and the government will stand prepared to meet losses up to 25 per cent of the loans made—that is, the government will pay a bank a total amount not in excess of 25 per cent of the aggregate principal amount of the guaranteed loans made by that bank. This guarantee is larger than under the Farm Improvement Loans Act because the risks are greater, and about the same as under the Veterans Business and Professional Loans Act. The banks will be able to call upon the government to implement its guarantee on October 1, 1952, after there has been an opportunity for deliveries to be made from the 1952 crop as well as the current crop. The loans should, however, be fully repaid out of the proceeds of the 1951 crop.

As the loans are intended only to provide some cash for a limited period to those farmers who have been unable to deliver any significant volume of grain, it is proposed that the limit shall be $1,000 to any one farmer. In making individual loans, the banks will take into consideration the quantity of unthreshed or threshed grain which producers will have for delivery when their threshing is completed or when elevator space is available. In determining the amount of individual loans the banks will also take into consideration deliveries which producers have already made.

Within the maximum provided, the amount of money which will be loaned in each individual case will be determined by the banks on the basis of their experience and judgment, and of course they will bear in mind the considerable guarantee which is being provided by the Government of Canada. It is intended that these temporary loans shall be repaid just as quickly as producers can deliver their grain.

These loans, honourable senators, are not in any sense to be regarded as a form of relief. They are interim advances made available at commercial rates of interest to producers who have grain stored on their farms or who have crops which they have every reason to believe will be harvested in due course. It is hoped that the provisions of this bill will solve the financial difficulties of those producers who have been unable to harvest and market sufficient of their crops to provide for their current living expenses. The number of producers in that position is growing smaller every day, but there are still certain areas where the credit to be made available will relieve a situation that might otherwise result in considerable hardship during the coming winter.

Hon. W. M. Aseltine: Honourable senators, I think I should say something about this measure which, in my opinion, is the most important one we have considered today.

Hon. Mr. Hayden: This is your bill, is it not?

Hon. Mr. Haig: He needs the money.

Hon. Mr. Aseltine: It furnishes some relief, at any rate, to the farmers of Western Canada who have been unable on account of adverse weather conditions to thresh and market their crops. In fact, I rather think that the minister must have read the speech I made on November 20 last before he prepared this measure. Perhaps I will be pardoned if I read what I had to say at that time about the plight of the western farmers, and what should be done under the circumstances. At page 106 of the Official Report of Debates I said this:

The question is, how are these farmers going to finance over the winter? What are we going to do? A great deal has been said about this in the other place, but very little in this chamber; and I have not been able to find out what the government intends to do. In my opinion the problem is the responsibility of not only municipal and provincial authorities, but of the federal authorities as well. I believe that the banks would be willing to lend money to the farmers if the credit restrictions which were imposed last spring by the Bank of Canada were removed or modified. A man who has a good crop on his farm, in swath or in the granary, should be able to borrow from his bank a reasonable amount of money with which to carry on. I understand, however, that the banks are prohibited from taking security on grain before it is warehoused, so that such loans as they might make would be only on the security of the farmer's note, and possibly on nothing more. I hope that the problem will be solved, and that somehting will be done immediately.

The measure now before us is right along the line of my thinking when I spoke on November 20 last. Its provisions have been quite well explained by the honourable leader of the chamber, but there are one or two points which I should like to mention before second reading takes place.

In my opinion the loans are so small that no losses will result. In the first place, if a farmer does not have $1,000 worth of grain, he cannot get a loan for that amount; but if he has $10,000 or $20,000 worth of grain, the maximum loan is still $1,000. If he has already marketed grain to the value of $1,000, he is prohibited from borrowing under this arrangement. I am in that unfortunate position, because my grain was threshed some time ago and I have already marketed more than $1,000 worth.

This measure, while it may help some of the smaller farmers, will not be of much assistance to the bigger operators. Take, for instance, the big farmer who has already marketed at least $1,000 worth of grain. The costs of threshing, harvesting and marketing would have long since used up that amount of money; but he is prohibited from enjoying any benefits from this measure, and must borrow from the banks in the ordinary way.

It seems to me that the bill should have included in it the rate of interest at which the banks would loan under this arrangement. My understanding is that the minister, in his original drafting of the bill, incorporated the rate of interest, but that it was eventually left out. Although the farmer should not be asked to pay more than 5 per cent interest on this money, I am quite sure that in some cases the bank will require 6 per cent or perhaps even 7 per cent. The farmer whose credit is exceptionally good will get a loan at a lower rate than a farmer whose credit is not as good. So, as I say, the loans will be made at from 5 per cent to perhaps 7 per cent interest. I understand that in the measure to come before us later the interest rate is set out. It is my opinion that that should have been done in this case.

In my remarks on November 20 last I stated that the banks did not have the power to lend money on this kind of security. Although, this measure does not amend the Bank Act, it provides for special application of section 88 thereof to loans of this kind. The bank will, therefore, be able to accept as security grain standing in the field, lying in the swath or threshed and in the granary.

Hon. Mr. Paterson: May I ask the honourable senator if this type of loan will come behind the other loans that the farmer may already have made?

Hon. Mr. Hayden: No.

Hon. Mr. Aseltine: No. I will deal with that next.

Hon. Mr. Hayden: Such a loan is right out in front.

Hon. Mr. Aseltine: As honourable senators know, we have a system of marketing grain called the quota system. Before a farmer can market any grain he must get a permit book, in which shall be set out the description of the land that he owns and the number of acres he has in various kinds of crop. This statement must be sworn to when application is made for the permit book. Whenever the farmer markets a load of grain he must have the book with him at the elevator, and the elevator man marks down the number of bushels and the date of delivery. Suppose a farmer wants a loan of, we will say, $1,000. He takes his permit book to the bank; the banker examines it, and if none of the farmer's grain is marketed the advance is made and the book is stamped to show the date and amount of the advance. When the farmer's grain is offered for sale, this statement stares the elevator agent in the face, and a ticket for the grain is made out to the bank. Consequently the grain cannot be used for any other loan than the advance which, under this bill, is made by the bank. That condition continues until the loan is entirely paid, at which time the bank cancels the memorandum in the permit book and the farmer continues to market his grain in the usual way, and with the money received for it he can pay off any other debts which he may have outstanding. Of course his borrowing powers are not confined to the amount to which he is restricted in respect of this bill: if he has other security he can borrow from the same bank, or elsewhere.

Honourable senators will gather from this brief statement that the bank is in a highly preferred position; and unless there is fraud

of some kind, or the unthreshed crop is a complete loss, or is washed away in the spring by freshets before it can be threshed, the bank does not stand to lose anything.

Hon. Mr. Hayden: Neither does the government—very much.

Hon. Mr. Aseltine: So that if the bank does not lose anything the government will not have to advance any money under this bill. It seems to me that every precaution possible under the circumstances has been taken.

Hon. Mr. Barbour: When the honourable senator spoke on this matter on November 20th, did he mention what interest rates should be charged?

Hon. Mr. Aseltine: No, I did not, because I had not worked out a concrete plan. It had not occurred to me at that time that the government would guarantee the banks. All I then anticipated was that the government might make some amendment to enable the banks to take security under the sections I mentioned.

Hon. Mr. Barbour: Were borrowers actually charged as much as 6 per cent?

Hon. Mr. Aseltine: I do not think that even 6 per cent is the maximum. I noticed in reading the debates in the other house that the minister thought the prevailing rate would be more like 5½ per cent. Whether or not that will be the case I cannot say. When I spoke previously on this matter I referred to the credit restrictions applied by the Bank of Canada as preventing the making of new loans, and I thought that if those restrictions were removed and the banks were allowed to take security under Section 88 of the Bank Act there might not be any need for a guarantee. However, this bill goes further than anything I had in mind at the time. That is why I did not mention any interest rate.

Also there is an additional safeguard.

Hon. Mr. Hayden: Under section 10.

Hon. Mr. Aseltine: It will be observed that, under section 10 of the bill, notice of every loan is made to the Canadian Wheat Board, and the board is required to pay to the minister any moneys that come into their hands for the farmer who has borrowed the money. That provision would cover Wheat Board payments made under producers' certificates which are made after the initial payment and before the farmer receives the full amount of his returns for his wheat for the whole crop year. Another restriction is to this effect, that no bank can make a loan and receive the protection of this bill if the loan is made after June 30th of next year. Yet another protection is that the total amount of guaranteed loans must not exceed $20,000,000: banks may, of course, continue loaning indefinitely, but must do so at their own risk. To be honest, the bill goes further and is a better bill than I expected it would be when I made my remarks on November 20th.

Hon. Mr. Robertson: A good government.

Hon. Mr. Aseltine: I give the minister all credit.

Hon. Mr. Paterson: May I ask the leader of the government (Hon. Mr. Robertson) for an explanation of the term "total amount"? Do I understand that if one hundred loans of $1,000 apiece are made, which would be $100,000, and fifteen loans, amounting to $15,000, are not repaid, the government will pay the whole shot? It is the sum total of the $15,000, not 25 per cent of each loan, that will be paid?

Hon. Mr. Robertson: That is so.

Hon. Mr. Paterson: Then the bank cannot possibly lose.

Hon. Mr. Robertson: Nobody will lose. Everybody is happy.

Hon. Mr. Turgeon: I noticed that this bill states expressly that it is to apply "to grain producers in the prairie provinces". Does it apply also to the wheat producers of the Peace River District of British Columbia? In that area wheat constitutes 90 per cent of the whole production. The farmers operate under exactly the same conditions as the farmers of the Prairie Provinces, though they are not in the area which is ordinarily called the Prairie Provinces. I should like to know whether these provisions apply to them.

Hon. Mr. Robertson: That would be an excellent question for the committee. I would think the intention is that it should apply to any producer who suffers from the inclemency of the weather.

Hon. Mr. Aseltine: It reminds one of the Old Age Pension Act, which requires you to have resided in Canada for twenty years.

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

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: When shall this bill be read the third time?

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

The motion was agreed to.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Robertson: Honourable senators, as our bill of fare has been completed for the present I can see no purpose in the Senate sitting for the remainder of this day. I would move, therefore, that when the House adjourn it stand adjourned until tomorrow at 11 a.m. Before moving that we adjourn, I wish to inform the house that the Chairman of the Banking and Commerce Committee has suggested that the meeting of that committee take place at eight o'clock this evening.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Tuesday, December 18, 1951

The Senate met at 11 a.m., the Acting Speaker (Hon. A. L. Beaubien) in the Chair.

Prayers and routine proceedings.

AGRICULTURAL PRODUCTS BOARD BILL

FIRST READING

A message was received from the House of Commons with Bill 18, an Act to provide for the establishment of an Agricultural Products Board.

The bill was read the first time.

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

Hon. Mr. Robertson: I move that this bill be placed on the order paper for second reading later this day.

The motion was agreed to.

FINANCIAL ADMINISTRATION BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 25, an Act to provide for the financial administration of the Government of Canada, the audit of the Public Accounts and the financial control of Crown Corporations.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill 25, an Act to provide for the financial administration of the government of Canada, the Audit of the Public Accounts and the Financial Control of Crown Corporations, have in obedience to the order of reference of December 17, 1951, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Robertson. Now.

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

NORTH FRASER HARBOUR COMMISSIONERS BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 8, an Act to amend The North Fraser Harbour Commissioners Act.

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

The Standing Committee on Banking and Commerce, to whom was referred Bill 8, an Act to amend the North Fraser Harbour Commissioners Act, have in obedience to the order of reference of December 17, 1951, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Robertson: Now.

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

CANADA ELECTIONS BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 41, an Act to amend the Dominion Elections Act, 1938, and to change its title to the Canada Elections Act.

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

The Standing Committee on Banking and Commerce, to whom was referred Bill 41, an Act to amend the Dominion Elections Act, 1938 and to change its title to the Canada Elections Act, have in obedience to the order of reference of December 17, 1951, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Robertson: Now.

Hon. A. Marcotte: Honourable senators, I want to say a few words about a certain part of this bill, and more especially concerning the fact that the word "Dominion" has been omitted or changed. I am not objecting at all to the principle of the bill, nor would I have any objection to the insertion of the word "Canada" in place of "Dominion". I would not have said a word but for the fact that the honourable senator from Northumberland (Hon. Mr. Burchill) remarked that he was sorry to see "Dominion" omitted, and in the other place some nasty remarks about that word have been made, and there have been references to it both in the press and over the radio. A few years ago quite a warm discussion developed on the subject of the name "Dominion Day". It was vastly different with me at that time, because in that setting "Dominion" meant something which was

dear to me. My friend referred yesterday to something which is engraved on the entrance to the Parliament Buildings. I am not concerned about that: what appears there is rightly there. But I would suggest to you that this is no time for a discussion on this matter. I understand that at the next session an opportunity will be given to debate this subject, and if I am still in this house at that time I shall take part.

Honourable senators, the preamble to the British North America Act starts by saying:

> Whereas the provinces of Canada, Nova Scotia, and New Brunswick have expressed their desire to be federally united into one dominion under the Crown . . .

I shall not read the whole of the preamble, but section 3 reads:

> It shall be lawful for the Queen, by and with the advice of Her Majesty's Most Honourable Privy Council, to declare by proclamation that, on and after a day therein appointed, not being more than six months after the passing of this Act, the provinces of Nova Scotia and New Brunswick shall form and be one dominion under the name of Canada; and on and after that day those three provinces shall form and be one dominion under that name accordingly.

So that what was created at that time was one dominion bearing the name of Canada, and when you say "Canada" today you are in effect saying the Dominion of Canada. It means the same thing. Canada is my country, and it is still the Dominion of Canada. By taking the word "dominion" out of the statute you are not changing the status of the country. We still belong to the dominion that was created in 1867, and to my knowledge no amendment to the British North America Act has been passed to change our status. We are still the Dominion of Canada.

A great fuss was made in the other house about what was done by the Statute of Westminster. Just what was done under that Statute? The preamble starts off:

> Whereas the delegates of His Majesty's Governments in the United Kingdom, the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand . . .

And so on. Then we come to section 1 of the statute:

> In this Act the expression "Dominion" means any of the following dominions, that is to say, the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa . . .

So in this statute the same power which created what was sought by our provinces in 1867 uses the term "Dominion of Canada", because that is what we are, and we are proud to be the Dominion of Canada.

We have read reports in press, especially in Quebec, that we should get rid of the word "Dominion". I remember a discussion a few years ago about the dictionary meaning of the word "Dominion", and the word was defined quite differently in the various dictionaries. The word "dominion" connotes a power, a sovereignty, and yet under the Statute of Westminster we have the same powers and authority as has England, and the Commonwealth of Australia.

So I say to my friend from Northumberland: "I share your sentiments, I too am proud of the word 'Dominion'." It symbolizes our birth as a nation. Canada has acquired maturity and today is an equal partner with its sister dominions in the British Commonwealth of Nations. We are proud of Canada and we are proud of the name "The Dominion of Canada."

Hon. L. M. Gouin: Honourable senators, in view of what has just been said by the senator from Ponteix (Hon. Mr. Marcotte) and what was said yesterday by our colleague from Northumberland (Hon. Mr. Burchill), I consider it my duty to make a few remarks. The senator from Ponteix, who is well aware of my very deep friendship for him, is proud of the word "Dominion". He considers that it has no connotation of dependency or subordination. He referred to section 3 of the British North America Act, where, as I freely admit, we find the word "Dominion". He referred also to the Statute of Westminster, 1931, where again the word "Dominion" is to be found. And if I understand him correctly he takes the position that until the British North America Act is amended we must continue to use the word—he considers it the "good old word"—"Dominion", I am sorry, but I disagree entirely witth him—we differ *toto coelo* on this point. Even though we find in the British North America Act the word "Dominion" and the expression "federal union", I see no reason why it should be necessary to use either that word or that expression invariably when referring to Canada.

But it seems to me that the question before us is much more limited in scope than would appear from the remarks that have been made by previous speakers and that I am now making. The point is whether we should change the title of the Dominion Elections Act to "The Canada Elections Act". Well, to be quite frank, I think that the word "Dominion" which was used in 1867, because no other term could be decided upon at the time, is a survival of the past. In the meantime Canada has marched on, and it will continue to march on. These remarks do not imply any disloyalty at all. I have, with the help of God, done my best to serve my Lord, my King and my country. But

I believe that the great majority of Canadians, who are perfectly loyal to the King of Canada, are anxious to afirm the equality of this country within the British Commonwealth of Nations.

I agree that it is quite right to say that in this gradually evolving custom of using the simple name "Canada" we are amending the constitution. The question is: Are we a free and sovereign nation within the commonwealth? I say that undoubtedly Canada has marched on to the point of sovereignty, of independence as an equal member within the commonwealth, a member enjoying a full equality of status—although not of stature, as I know very well—with even the United Kingdom.

While listening to remarks of my honourable friend from Ponteix and also to those which were made yesterday by my honourable friend from Northumberland, I was hearing in my mind those words "Canada marches on." In that march some of our Canadians have been gloriously in the vanguard—men like Macdonald, Cartier, Laurier, Borden and King and, today Mr. St. Laurent. Others were in the rear-guard, and have always tried to prevent Canada from affirming her sovereignty and her independence. In 1867 Macdonald and Cartier wanted to adopt the expression "Kingdom of Canada", which would have been an excellent expression—

Hon. Mr. Marcotte: That is what it should be today.

Hon. Mr. Gouin: —exceedingly dear to the hearts of all French speaking Canadians. Whether we say *vive le roi* or God save the King, we mean exactly the same thing—and, I would add, our loyalty is surely above suspicion.

Concerning the expression "Kingdom of Canada", Downing Street in 1867 said that Washington would not like to have a monarchy for a neighbour. So in section 3 of the British North America Act, as just quoted by my dear friend from Ponteix (Hon. Mr. Marcotte)—and he is perfectly entitled to his own opinion—we read that the provinces of Canada, Nova Scotia and New Brunswick shall form and be one dominion under the name of Canada. We are told that the word "dominion" was taken from the Bible, but I am convinced that I have seen it in British statutes prior to 1867. For instance, if I am not in error, the colony of Virgina was called the Old Dominion. Rightly or wrongly, I am convinced that the word "dominion" originally meant possession. In Latin, even today, the word "condominium" is a territory over which two powers—I may say foreign powers —exercise their joint authority. In French the word "dominion" was translated by "puissance".

Hon. Mr. Marcotte: But that is not a correct translation.

Hon. Mr. Gouin: That is the translation which was adopted at that time, and I am sure my honourable friend from Ponteix does not consider it as being accurate.

Hon. Mr. Marcotte: Will my honourable friend allow me to say a word? It is true that no French word has been correctly used as a definition for "dominion". "Dominion" is a French word and is used by the French Academy today. My friend knows Siegfrid. Would he disagree with his translation? Would he disagree with his own brother-in-law who uses the word "dominion". I repeat, there is no translation for it.

Hon. Mr. Gouin: I am sorry, but my honourable friend and I are talking of two different things. I repeat emphatically that the word "puissance", as the translation for the dominion in our French texts is absolutely erroneous. The word "dominion" cannot possibly be translated. What I say is that in 1867, willingly or by inadvertence—we shall never know what exactly took place—the word "puissance" began to be used in Canada as the translation for "dominion". Surely nobody has ever pretended that the so-called Dominion in 1867 was really "puissance" or a power, as it means in French.

Great progress was made in 1867, and Canada at the time marched forward. We obtained autonomy for internal purposes; we became a self-governing colony, but subject to the Colonial Laws Validity Act, and so on. Nobody at that time pretended, or has to my knowledge since pretended, that Canada was in 1867 an international entity, which is the meaning of the French word "puissance". At that time the Dominion possessed no right whatever to make treaties in her own name, but was bound by the treaties made by Great Britain. Canada was represented abroad by British diplomats or consuls. But, honourable senators, with the help of God Canada steadily marched forward and, by a gradual process of evolution, without any formal amendment to her written constitution of 1867, began to obtain a voice in negotiations affecting her territorial and commercial interests. Somewhat slowly, but constantly, Canada marched on towards external autonomy.

In 1914 Canada entered the First World War as a dominion, within the original meaning of that word, namely, as a self-governing colony or possession. From 1914 to 1918 Canada marched on gloriously and heroically

on the battlefields of France and Belgium. As a result of her contribution to victory, Canada, through Premier Borden, in 1919 signed at Versailles the Treaty and the Covenant of the League of Nations. Canada in her own name became a member of the League.

Canada was then still called a "dominion", but the meaning of that word had radically changed. Only foreigners would still call Canada a colony, and we would resent it deeply. Canada has marched on; she has acquired an international status.

Canada continued to march forward under the leadership of the late Mr. King. She opened her first legations abroad, in spite of those who did not believe that such a step was compatible with the status of a dominion. By the Statute of Westminster, 1931, the Dominions have been recognized as equal members of the Commonwealth with Great Britain. With such an equality of status, our Dominion has so much grown and evolved since 1867 that it is no longer a "dominion" within the meaning first given to that term. Canada, as you know, continued to march on during the days between the two wars, and in particular during the period when the dark clouds of the second world conflict began to approach and to roll over our heads. Canada, represented by Mr. King, the United States, represented by Mr. Roosevelt, agreed to form a permanent joint defence board, in spite, again, of those who contended that such a step was incompatible with our status as a Dominion.

1939! Poland is attacked! Canada marches on! Canada, as a free and independent nation, declares war in her own name against the German aggressor. 1940! Canada marches on, for a while as the main ally of Great Britain, and as one of the few allies surviving of those who had entered the conflict. 1941! Pearl Harbour! And Canada marches on again, this time declaring war against the Japanese aggressor, even before Great Britain. Certainly Canada has marched on: the so-called Dominion of 1867 had no right either to make a treaty or to declare war in her own name. During the last conflict, as you know, one million men and women entered our armed forces. Overseas, and on our shoulder badges, there was only one word, "Canada". Canada marched on in Normandy, in Asia, in Africa, in Italy, France, Belgium, Holland and Germany. All of those who served overseas felt proud of being Canadians—just Canadians.

A few years ago, by our Canadian Citizenship Act, we became legally entitled to use the word "Canadian citizens"—again in spite of those who attempted to slow down the process of emancipation and the march of Canada towards fuller sovereignty and independence. Canada marches on! And as Canadian citizens since 1945 we have been called upon to make ever greater sacrifices to contain and to prevent aggression. We shall continue, probably for many years, to be asked to shoulder the always heavier burden of national defence.

But, Canada marches on. Such sacrifices will be accepted courageously by all Canadians worthy of that name, if such sacrifices are asked of them in the name of Canada—only in the name of Canada.

Yes, Canada still marches on; and we consider ourselves Canadians, only Canadians, not "Dominionees" or anything of the kind. Our country does not need any other name than Canada, only Canada, and we cannot regard ourselves as being dominated by any other power, whatever its name. The word "dominion" is for me a thing of the past. Let the dead bury their dead.

Yes, indeed, Canada marches on—always forward. So let us march together straight ahead, towards ever greater freedom towards fuller independence. Canada marches on, a free and sovereign country.

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

NATIONAL GALLERY BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 42, an Act respecting the National Gallery of Canada.

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

The Standing Committee on Banking and Commerce, to whom was referred Bill 42, an Act respecting the National Gallery of Canada, have in obedience to the order of reference of December 17, 1951, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Robertson: Now.

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

CIVIL SERVICE BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 43, an Act to amend the Civil Service Act.

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

The Standing Committee on Banking and Commerce, to whom was referred Bill 43, an Act to amend the Civil Service Act, have in obedience to the order of reference of December 17, 1951, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Robertson: Now.

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

PRAIRIE GRAIN PRODUCERS' INTERIM FINANCING BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 44, an Act to provide for Short-Term Credit to Grain Producers in the Prairie Provinces to meet Temporary Financial Difficulties arising from inability to complete Harvesting Operations or to make Delivery of Grain.

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

The Standing Committee on Banking and Commerce, to whom was referred Bill 44, an Act to provide for Short-Term Credit to Grain Producers in the Prairie Provinces to meet Temporary Financial Difficulties arising from inability to complete Harvesting Operations or to make Delivery of Grain, have in obedience to the order of reference of December 17, 1951, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Robertson: Now.

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

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 45, an Act to authorize the provision of moneys to meet certain commitments for new equipment incurred by the Canadian National Railways System during the calendar year 1951, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill 45, an Act to authorize the provision of moneys to meet certain commitments for new equipment incurred by the Canadian National Railways System during the calendar year 1951, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company, have in obedience to the order of reference of December 17, 1951, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Robertson: Now.

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

AGRICULTURAL PRODUCTS BOARD BILL

SECOND READINGS

Hon. Wishart McL. Robertson moved the second reading of Bill 18, an Act to provide for the establishment of an Agricultural Products Board.

He said: Honourable senators will recall that during the war three boards were set up to handle the sale from government to government of food products. The Meat Board was set up to administer the agreements between Canada and Britain for sale and delivery of meat products, the Dairy Products Board to administer similar agreements for sale and delivery of cheese, and the Special Products Board to administer agreements for the sale and delivery of other agricultural products. These agreements were entered into and boards established under the War Measures Act.

Following the war, in 1947, an Act cited as The Agricultural Products Act was passed providing authority to continue the boards, with similar powers, through the transition period. This legislation was re-enacted annually until March 31, 1951, when it was allowed to expire. The terms of these measures, which required the authority provided under the War Measures Act or the Emergency Transitional Powers Act of 1945, gave to the boards, in periods of war or emergency, powers which in ordinary times could not be conferred by this parliament. These powers had to do mostly with compulsory delivery. It is not intended to confer such powers upon the board being set up by the terms of the bill which is before us.

This bill will set up one board, composed of persons employed in the different branches of the departments concerned with the purchase and sale of farm products. The board

will have no authority to compel delivery of a product produced on the farms of Canada. It will only receive the product when the price offered in a competitive market results in its delivery.

The boards set up under the Agricultural Products Act of 1947 served as agencies for the Agricultural Prices Support Board in the purchase and sale of commodities under price support programs. When this Act was rescinded it was necessary to set up a legally-constituted authority to undertake this service.

When it was decided to purchase butter, in order to make it possible to try and stabilize the price of that commodity it was found necessary to set up a legally-constituted authority to undertake this service.

We have been approached from time to time by other governments to provide an agency to enable them to purchase certain farm products in Canada. If it were decided by the government to perform this service, it would be necessary to have a legally-constituted board. Under the Emergency Powers Act, the government, by Order in Council 3415, set up such a board. It was considered that such a board was necessary for the proper administration of the policies of the department, apart from any emergency which might exist; therefore it was thought proper to have special legislation setting up such a board. This board will have power to buy and sell agricultural products whenever an order in council is passed authorizing the minister to instruct it to do so.

There are many details of the proposed operations of this legislation with which I am not familiar; but as I have been specifically asked how this legislation will affect the butter situation, which is the immediate purpose for setting up the board, in reply I would read parts of the following release from the recent federal-provincial agricultural conference. This has to do, of course, with possible applications under the price support program. I quote:

> In April, 1951, authority was granted the Agricultural Prices Support Board to offer to purchase butter from May 1, 1951, to April 30, 1953, on a basis of 58 cents per pound delivered Montreal. This was an increase of five cents per pound over the previous year and represented the first time that any program under the Agricultural Prices Support Act had been announced in advance for a period of two years. There has been no butter offered under this program to date.

And further on:

> In August the government placed all imports of butter under permit and provided that the Agricultural Products Board would be the sole importer with authority to import such quantities as would be necessary to stabilize butter prices and meet Canadian domestic requirements. At the same time authority was provided for the purchase of quantities of Canadian butter on the basis of 63 cents per pound delivered Montreal. Under this program there has been a firm purchase of 10 million pounds of imported butter, of which approximately 8,500,000 pounds have been delivered with the balance due for arrival early in the new year. In addition an option has been secured on an additional 5 million pounds which can be imported if required.

Hon. Mr. Roebuck: May I ask the honourable leader a question? Subsection (3) of section 4 provides:

> . . . the Board shall not sell an agricultural product pursuant to paragraph (a) or (c) of subsection (1) at a price lower than the purchase price thereof plus handling, storage and transportation costs.

If they get into that position what do they do with these products?

Hon. Mr. Hayden: Let them rot.

Hon. Mr. Robertson The subsection starts out as follows:

> Except with the approval of the Governor in Council, the Board shall not . . .

The only explanation I can make is that under these circumstances the board would have to endeavour to have the Governor in Council do otherwise.

Hon. John T. Haig: Honourable senators, I do not wish to make any extended remarks. This bill appears to me to do the very opposite of a measure that we have been discussing a good deal lately, and one that I think we shall have to discuss a good deal more in the next few days. This bill sets a price—

Hon. Mr. Hayden: A minimum price.

Hon. Mr. Haig: Yes, it happens to be a minimum price that this bill authorizes. The situation with respect to the Wheat Board is even worse. A farmer cannot sell to anybody but that board. It does seem strange to me that parliament should pass an Act making it illegal for anyone to sell butter below 63 cents. The government does not want the consumer to be able to get even a nip of butter unless he pays at least 63 cents a pound. My honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) asked a question that I was going to ask. In fact, I think I rose first, but the Honourable the Acting Speaker was looking at my friend.

Hon. Mr. Robertson: Both of you being so good looking, His Honour could not easily distinguish between you.

Hon. Mr. Haig: Well, I say to His Honour that I think he used good judgment in recognizing my friend from Toronto-Trinity. As I say, the question that my honourable friend asked was one that I had in mind. I

am sure, though, that he will not be flattered to know that we were thinking along the same line.

Hon. Mr. Roebuck: I am deeply flattered.

Hon. Mr. Haig: I was going to ask what would happen if the government got a lot of butter on hand and could not sell it. Of course, the answer is obvious. The government would have to "take a beating." It would have to pass an Order in Council authorizing sale of the butter at whatever price could be obtained for it on the market. After all, butter can only be held for a certain length of time. After that the quality deteriorates, and I for one would not want it. The peculiar thing about this bill is that it would make it impossible for a farmer to sell his butter at 50 cents, even if he wished to do so. He would find himself confronted with the fixed price.

Hon. Mr. Lambert: Why not describe this bill as the "Agricultural products price maintenance bill"?

Hon. Mr. Haig: That would be a good title, because that is just what it amounts to. In a day or two we shall have before us a bill aimed at making it illegal for a manufacturer to fix a retail price for the sale of his goods.

As a Canadian from the Western provinces, where we depend largely on the products of agriculture, I know that our farmers would be glad to have a fixed price for their products. In the spring the farmer sows his grain, and the thing that worries him is whether he will really ever harvest a crop at all, and, if so, whether the price will be high enough to pay him for his labour and operating costs. In this house we sometimes hear of the gamble that is taken by a man in business who purchases stock or orders his factory to produce a certain quantity of goods. But that is nothing to the gamble that the farmer takes. Out in our province —and I presume the farmer in every other province takes just as big a gamble. He risks all his year's activities on the one crop, and if it cannot be harvested, or if after being harvested it cannot be sold, he loses everything. That has been the problem faced by the farmers as far back as I can remember, when I was a boy of six or seven.

The man who produces hogs or cattle has the same kind of problem. When a calf is dropped in the spring he has to decide whether it will be worth while to raise the animal in the hope of selling it at a profit when it is two or three years old. He gambles on getting back at that time the cost of maintaining the animal. That kind of thing has always been a bugbear to all farmers, and I can understand why they would favour the establishment of minimum prices for their products. As Canadians we believe that the world market for everything should be free and open, but this legislation illustrates a fact that fundamentally we all know namely, that farmers need some stability of prices for their products.

I am not opposing the bill. I realize that we must have something like this in order to support the farming community in our dominion. I hope my honourable friend from De Salaberry (Hon. Mr. Gouin) will pardon my use of that word. I mean to indicate the country as a whole, as distinct from the provinces; but so as not to hurt his feelings I will say "in our Canada."

Hon. Mr. Aseltine: It does not sound right.

Hon. Mr. Haig: We were brought up in too early a school. I will put it this way: "in our country." Everybody in our country wants to support the primary producer and give him a chance to obtain a reasonable return for the labour and capital that he puts into his products.

Hon. Mr. Paterson: May I ask the honourable gentleman a question? If the Wheat Board sells wheat at the same price to all millers—to Ogilvie, Lake of the Woods, and Robin Hood—all of them will have to sell their flour at the same price. If they do, will they then be guilty of a offence?

Hon. Mr. Haig: The senator from Thunder Bay flatters me by asking for a legal opinion on that point. I should say that if the committee on combines could go to work on that matter they would conclude that quite a combine existed there. The Wheat Board compels millers to sell their wheat at the one price. True, they are not obliged to do that by law, but any miller who raised his price above that of the others would not be able to sell his flour. I think this legislation is alright for farmers. What I have to say about the bill which would prohibit manufacturers from maintaining retail prices, I shall reserve till that bill comes before us.

Hon. Arthur W. Roebuck: Honourable senators, this bill has just reached us, and I do not know anything about it beyond what was stated by the leader (Hon. Mr. Robertson). I do not know that I have a settled opinion on it, but I view it with considerable doubt. It is proposed to give to the government power to engage in the buying and selling of agricultural products. At first blush that does not seem to me a proper function of government. It is so different from the kind of civilization into which I was born, where private individuals carried on the business of

buying and selling, and governments were expected to be a judicial authority holding the balance fair and even between all parties. But today we find the government engaged in the business of buying and selling.

The leader of the opposition speaks about the hazards taken by grain growers. It is, of course, a risk that has been taken from time immemorial. When the first man planted the first seed he was filled with anxiety as to whether it would grow or be destroyed by excessive heat or cold, wind or rain. In fact, farmers have always gambled on whether they will get a crop. There has always been an element of chance in farming, and there is today. My friend has stated that the desire of the farmer is to shift responsibilty in the speculation to the shoulders of the rest of the people.

Hon. Mr. Haig: Right.

Hon. Mr. Roebuck: The element of chance will not be minimized by the fact that he who plants does not bear the full responsibility for the success or failure of the operation, but shifts it to somebody engaged in some other occupation. What is required in this matter is not a socialistic status, but rather an insurance policy, which should be part of the costs of carrying on the business of agriculture.

When this bill is considered in committee it will be explained in more detail, and perhaps I will learn more about it than I know now. But my first impression of it is unfavourable.

I understand that there is now on hand some 10 million pounds of butter, bought by the public of Canada—a purely socialistic move—with 8 million pounds delivered. In addition, we have on option some 5 million pounds. Perhaps such a system will serve some public purpose, but the final result may not be a happy one. I am satisfied that continued operations of this kind by government agencies will not lead us in the direction that we desire to go, but in all probability will end in disaster.

Hon. G. H. Barbour: Honourable senators, I should like to say a few words about this bill. In the first place, I am in favour of it, and I only wish I could say as much for the bill on combines that is to the front in another place. I do not think the operation of this measure will be a drain on the people of Canada, other than the farmers, who react very quickly to losses. When the price of eggs, for instance, goes down, and eggs become unprofitable, the farmer stops feeding his hens enough to produce the quantity of eggs they would produce if they were well fed, and he raises fewer chickens. The result is that within a year or two the public is paying a higher price for eggs. The same is true of butter.

Another problem facing the citizens of Canada today, and one which will become more acute, is the shortage of milk. Dairy farming is a seven-day-a-week business.

Hon. Mr. Roebuck: Why not have the government set up a public dairy to milk the cows?

Hon. Mr. Barbour: If the dairy farmer worked on a fourty-four or a forty-hour week, milk would probably cost twice as much as it does now.

Hon. Mr. Aseltine: Hear, hear.

Hon. Mr. Barbour: The growing of potatoes is the chief cash crop of the farmers in Prince Edward Island, and I will tell you how price support legislation helped them in the last two or three years. The honourable senator from Rosetown (Hon. Mr. Aseltine) some time ago made a comparison of the income taxes paid in the various provinces, and referred particularly to the small number of tax payers among the potato growers of Prince Edward Island. In 1949 and 1950 the price of our potatoes, including perhaps the best class of certified seed potatoes in the world—

Hon. Mr. Grant: Hear, hear.

Hon. Mr. Barbour: —was only 68 cents a bushel. Last October the board set the price at 90 cents a bushel, and shortly afterwards it was increased to $1.10. The market then ran away, and advanced to $2 a bushel. You see, honourable senators, potatoes which for two years were sold at an average price of 68 cents a bushel—and some were sold as low as 45 cents—are today going at $2 a bushel. The farmers decided that potato growing was unprofitable, and they reduced their acreage; also, the poor growing conditions in the summer resulted in lighter crops.

For my part, I think we would be better off if we had an average price. I know that the price cannot be completely controlled, but if the farmer got, say, $1 a bushel for his potatoes year in and year out, he would be better off, and no hardship would be inflicted on the people who live in the city.

This measure may help the production of butter. If the price is stabilized at around 63 cents a pound, we probably will not have to buy so much from foreign countries.

Hon. T. A. Crerar: Mr. Speaker, I have not had an opportunity to scrutinize this bill very closely, but it is quite apparent to me that it represents another long step down the socialist road—

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Crerar: —a direction in which we have now been travelling for several years.

Let us look at the definition of agricultural products, under section 2 of the bill. From a hasty glance, it would seem to embrace everything that could possibly be described as an agricultural product; but if anything has been overlooked—

Hon. Mr. Aseltine: Wheat?

Hon. Mr. Crerar: —the Governor in Council on the advice of the minister may designate it an agricultural product.

We come then to section 4, to which I would like to direct for a moment the attention of the house. This section contains the powers assigned to the board; and from very long experience I have found it wise to take a good close look at powers given in legislation presented to this house. If the provisions of the section mean anything, this section opens the door to state trading in all these agricultural products. I can recall the time, not very many years ago, when our socialist friends, known as the C.C.F. party, had as the main principle of their program state trading in agricultural and all other products. To this principle there was much opposition. We who call ourselves Liberals opposed it because Liberalism, if it means anything, stands for the freedom of the individual. Our Conservative friends also were opposed to it. The C.C.F. fought election after election on that issue and never once came within reasonable distance of achieving office.

Now we have in this bill, which is intended to be a permanent measure, the setting up of a state authority for the purposes of state trading. Sometimes I wonder whether we have all become socialists; whether the C.C.F. party, having had its policies rejected by the people, is by methods of this sort ensuring their adoption. This is a very grave question, because to my mind what is involved is a serious principle of policy. The board is empowered to sell or deliver agricultural products of any kind, under agreements made with other governments or, I assume, with private traders. It can purchase and negotiate contracts for the purchase of agricultural products. I suppose this means that if the government in its wisdom considers that the price of some agricultural product in Canada is reaching too high a level, it can check the movement by entrusting this board with the responsibility of importing commodities to check the rise in prices. If it does not mean that, I do not know what it means. For instance, if the price of butter were to rise to an unreasonable level, the board could, in pursuit of a policy euphoniously described as "stabilizing the market", buy butter from New Zealand or Australia. The same course could be adopted in respect of eggs or any of a number of other products which are mentioned in this bill; and in that respect the measure is all-embracing. But that is not all: the board may store and process products, and set up manufacturing establishments. At the moment I cannot foresee this board setting up a factory to manufacture, let us say, margarine, but the possibility cannot be disregarded.

Now, is this legislation necessary at this time? Recently we have been inclined to plume ourselves on the fact that we have been getting away from official rigidities and official regulations. Only the other day, the regulations as to dealing in foreign exchange were obliterated, so that merchants and other business men can now deal freely in foreign exchange and more intelligently plan their operations. But by this bill we seem to persist in this regulatory policy—to my mind a mistaken one—so far as agricultural products are concerned. For the life of me I cannot see the necessity for it. Are we ever to return to something like a free competitive market in agricultural products? We have seen the consequences—which to say the least, have been rather unfortunate —of state trading in wheat. On a previous occasion this house was asked to pass an estimate of $65 million to reimburse the farmers in a measure, for the fruits produced by a wholly mistaken policy. Are we going to get away from that sort of thing, or are we going to move further along the same road? That, so far as I am concerned, is a question posed by this legislation, and I have no hesitation in saying that I am opposed to the principle and opposed to the bill.

Hon. Cyrille Vaillancourt: Honourable senators, it is not possible today to conduct the affairs of the world and the intercourse between its people precisely as in other days. I am for free enterprise, for liberty of trade and commerce and so on, but it is necessary to prepare for the world of tomorrow. We remember that in 1932 and 1933 the inhabitants of some countries were unable to get sufficient food to nourish themselves, while we in Canada were obliged to burn our surplus wheat, and in Brazil great quantities of coffee were destroyed.

The bill before us is not a socialist measure; it is to make us ready for the conditions which will confront us tomorrow. One is reminded that even now there is too much grain in the West, and yesterday we

voted millions to help the farmers. That, I suppose, might be called a socialistic act. But the same difficulties are experienced by growers of apples, potatoes and other products; and if as a consequence the farmers stop producing enough food for the people, what will happen then? It is not to my mind any argument to say that free enterprise "can" do this or that; it is necessary that free enterprise "shall" do this and that. That is the situation.

We cannot sell our apples in Quebec because private enterprise cannot buy them, and so it is necessary for our farmers to form co-operative companies in order to can their apples, make apple juice, and so on. Private enterprise was ready for twenty years to organize for the future, but nothing was done. In my opinion this bill will prove to be the salvation of the agricultural interests in this country, and it will also help bring about a better distribution of food throughout the world. I hope that other countries will enact similar legislation so as to prevent a repetition of what occurred in 1932-33.

I am not for socialism, but I am in favour of any legislation which will make it possible for our farmers to produce and sell the food our people require. This should be the case all over the world. We must all co-operate in these times if we want our way of life to be better than it was half a century ago.

Some Hon. Senators: Hear, hear.

Hon. Norman P. Lambert: Honourable senators, the last two speeches recall to my mind the haunting refrain of a well-known song entitled "The Song is ended, but the medody lingers on." This bill represents the point of view of organized agriculture in this country. In fact, I do not think this legislation would be before us today if this were not true. The constituency which was served so well by the honourable senator from Churchill (Hon. Mr. Crerar), and in a most humble way by myself, has certainly changed fundamentally. I have no doubt that the senator from Churchill still remembers vividly the voices of those from the Middle West who were crying out strongly in favour of a policy of selling anywhere in the world provided they could buy anywhere.

Hon. Mr. Crerar: Hear, hear.

Hon. Mr. Lambert: This point of view amongst the organized portion of agriculture has disappeared, but for how long I do not know. Whether for old-timers like my colleague and myself the song is really ended and just the melody lingers on is something I do not know. Last week it was announced that exchange control has been removed from Canada's financial relations with other countries. To my mind this is one of the most welcome measures to be announced in a long time, and I think it will challenge all countries affected by it to try to trade their way out of their difficulties and establish the value of their currency by virtue of a freer exchange of goods and the operation of commerce.

We have the classic examples of planned economy in Diocletian of Rome and of Joseph and the corn in Egypt. I suggest that this kind of thing is unsound and cannot be eternally applied. I feel that this year the Agricultural Products Board legislation will work because nature has intervened on behalf of those who will direct the administration of this legislation. I do not think the minimum prices level will be reached in many of these commodities. It will be something like the working of the first Wheat Board in 1919-20. The prices established at that time as a result of the operations of the Wheat Board created for all time the impression amongst the farmer's grain marketing organizations in Western Canada that high prices were to be associated with government marketing. It may not take long for the government of this country to realize, as it did over thirty years ago regarding wheat, that it will not be willing to bear the burdens thrust upon it as a result of the marketing operations of this Agricultural Products Board. It is quite possible that next year nature will provide more bountiful crops, and that there will be an excess production of many of the commodities which are mentioned in this bill. Then, the government will be called upon to shoulder the load, just as every government in the past has been called upon to do in similar circumstances. Possibly the pressure from the Federation of Agriculture and other like bodies will be all the greater then, and the responsibility of the government to the country as a whole will be greater too.

I do not think we should regard this legislation as being unchangeable, and I look forward to seeing it amended so that the real value of farm products may be determined in the intercourse of trade between Canada and other countries.

Some Hon. Senators: Hear, hear.

Hon. Thomas Farquhar: Honourable senators, I just wish to make a few remarks at this time. The honourable senator from De Salaberry (Hon. Mr. Gouin) has just told us in a fine address how Canada is marching on in many ways. While the honourable senator was speaking I was disappointed that our colleague from Churchill (Hon. Mr. Crerar) was not in the chamber to hear him.

As a result of listening to debates in this house from time to time I have come to the conclusion that some of us have not kept up with the times, and this is my reason for referring now to the remarks made by the senator from De Salaberry. He said that Canada is marching on, and I feel that possibly some of the older members in this chamber have not kept pace with Canada; possibly some of us have held too strongly to the old school of thought and have not kept up with changing conditions. Canada is marching on and we have to keep up with the changing times; we have to deal with new conditions as they arise.

I feel that this is a very important bill. Those of us who are close to agriculture—I myself happen to be in the dairy business—know that the dairy business at least is at present in a very serious state. We read all the time of farmers in various parts of the country going out of the dairy business because they no longer are able to make a living in it. That kind of thing has been going on so long that it has become really serious. After all, a farmer is not going to continue producing anything year after year if it is unprofitable.

As Canada develops and goes ahead we cannot always obtain guidance by looking back to the old days when we were boys. What we did then is not necessarily what should be done today. Sometimes we hear people say that they are Liberals of the old school. Well, I think that Liberals too are changing, in keeping with the spirit of the times.

Hon. Mr. Crerar: May I ask my honourable friend a question? Does he consider that the Socialists were right fifteen or twenty years ago when they were advocating state trading?

Hon. Mr. Vaillancourt: Conditions were not the same twenty years ago as they are today.

Hon. Mr. Farquhar: I am sorry, I did not hear the question.

Hon. Mr. Crerar: Does my honourable friend think now that the Socialists and the C.C.F. were right twenty years ago when they advocated state trading?

Hon. Mr. Farquhar: I do not claim that the Socialists were right at that time, or that they are right today. Nevertheless, I think we have to admit that Liberals have adopted many principles that Socialists were advocating years ago. Today, we who call ourselves Liberals are supporting some of the planks that Socialists used to have in their platform.

Hon. Jacob Nicol: Honourable senators, if this is not a socialistic measure—and my colleague from Kennebec (Hon. Mr. Vaillancourt), says it is not—then I do not know what a socialistic measure is. The bill will put a large part of the trade of this country into the hands of bureaucrats. So far as I am concerned, I have had enough to do with bureaucrats. I am willing to work, to carry on my affairs in the best way I can, but I am getting tired of receiving orders from bureaucrats who do not know any more about things than we do ourselves, and yet tell us how we should proceed.

My colleague from Kennebec says that conditions have changed a good deal in the last twenty years, that the world has moved forward, and that Canada must pass a measure like this in order to make it possible for our country to carry on. If that is so, then Canada has become socialistic.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Nicol: I think that private enterprise has carried on in Canada satisfactorily. Then why should this board be given power to trade in all kinds of agricultural products from one end of the country to the other? As my honourable friend from Kennebec knows, co-operatives have been formed in the province of Quebec for trading in certain merchandise, and they have operated well. What will happen now to co-operatives trading in honey, for instance? Will this board be able to notify them that it considers the decisions they have taken are unwise, and that it will tell them what to do? I am opposed to the measure and intend to vote against it.

Hon. Mr. Robertson: Honourable senators, if there are no further speakers I wish to refer to some of the arguments advanced in this debate.

The Hon. the Acting Speaker: Honourable senators, if the honourable the leader (Hon. Mr. Robertson) speaks now he will close the debate.

Hon. Mr. Robertson: I do not see why honourable senators should be greatly surprised to see a bill like this brought in. Some years ago the fixing of a minimum price for agricultural products was, rightly or wrongly, adopted as a policy of this country, and it followed that sooner or later if circumstances so required, there would have to be some legislative provisions for carrying that policy into effect. As was said by the honourable senators from Ottawa (Hon. Mr. Lambert) and Churchill (Hon. Mr. Crerar), the agricultural interest of this country constituted for a long period our really private enterprise. Year in and year out they had to be prepared

to meet competition from anywhere, and were quite willing to do so if the concerns from whom they bought were subjected to similar competition. But in the end, realizing that most of our secondary industry was protected in some manner or other, the agricultural interests gave up the struggle and became reconciled to the idea that some kind of protection was necessary for their industry. Then parliament approved the policy of price support for agricultural commodities. I am not arguing at the moment whether that policy was good or bad. My point is simply this, that it is the law of the country. Inevitably the time had to come when it was necessary to put that policy into effect through purchase of agricultural products by the department at certain minimum prices.

Now when a board, acting on behalf of the department, acquires certain products, it will become the board's responsibility to decide what to do with them afterwards. My honourable friend asked me what would happen if the price of a certain product dropped after the board had purchased a considerable quantity of it. I should think that the board would have no alternative to selling it at less than purchase price. I know of nothing else that could be done. To whom the sale would be made is a matter that the board would have to decide. It might be to individuals, or more likely to some outside governmental authority.

This bill gives statutory form to a board that is already in existence, having been created by Order in Council, and the board will carry on this trading in agricultural products just as long as parliament deems it necessary.

As I say, in the circumstances it was only to be expected that a board of this kind should be established, for there must be some machinery for carrying out the policy of price support for agricultural products. But the interesting thing, the point on which a whole sermon could be preached, is that the board's action that has been referred to was not taken pursuant to the policy of maintaining a minimum price. The procedure was the reverse of buying a certain quantity of butter and selling it. The purpose of the operation was to stabilize the prices on the up side. The government purchased, or agreed to purchase, 10 million or 15 million pounds of butter, not for the purpose of protecting the market on the low side, but on the high side; in other words, for the benefit of the consumers.

If one compares this country with the United States and Great Britain, it becomes obvious that we are to the left of the United States and probably to the right of Britain. The United States has, for instance, few instances of public authority engaged in generating hydroelectric energy, but Ontario years ago took over from private enterprise the generation of electricity in that province.

Hon. Mr. Roebuck: May I interrupt to the extent of saying that that is a natural monopoly? There are only a few sources of power, and its distribution requires the intervention of the state in a monopolistic way.

Hon. Mr. Robertson: I am merely citing this case to show the general nature of the operation of public authority. I could go on to mention railways, tramways, electric lighting systems and telephone operations, all of which have in certain instances been directed by public authority.

Rightly or wrongly, a group of agriculturalists in this country elected to ask for, and secured, minimum prices for farm products. I would point out that if the minimum prices are fixed we must inevitably expect some public authority to dictate maximum prices.

Hon. Mr. Roebuck: That is, you abandon private enterprise?

Hon. Mr. Robertson: I did not abandon it. My friend was just as much a member of the house that passed this original legislation as I was. I repeat that the inevitable consequence of minimum prices throughout our structure is the setting up of maximum prices. Whether this might be called "near socialism" is a question of degree.

There was recently in the city of Halifax a move by the city to take over the operation of the tramway system, and the countryside rang with the suggestion that it was nothing but a socialistic move. But when I come into the province of Ontario I find that the public ownership of such services is commonplace, and I find some difficulty in knowing just where the line is drawn. But I say that if we want the advantages of minimum prices maintained, either by public or private authority, we must inevitably expect that public opinion will dictate maximum prices.

I do not see how anybody can express surprise at this measure, having known that parliament adopted ten years ago the principle of minimum prices for agricultural products.

Some Hon. Senators: Hear hear.

The Hon. the Acting Speaker: The motion, honourable senators, is for second reading of Bill 18.

Some Hon. Senators: Carried.

Hon. Mr. Paterson: On division.

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

REFERRED TO COMMITTEE

Hon Mr. Robertson moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

ADJOURNMENT

Hon. Mr. Robertson: The Chairman of the Banking and Commerce Committee has indicated that he would like to have the committee meet at 2.30 this afternoon. I would therefore move that the house adjourn during pleasure, to reassemble at the call of the bell, at approximately 3.30.

The Senate adjourned during pleasure.

At 3.45 p.m. the sitting was resumed.

The Hon. the Speaker in the Chair.

CANADIAN BROADCASTING BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen, Acting Chairman, presented the report of the Standing Committee on Banking and Commerce on Bill 17, an Act to amend the Canadian Broadcasting Act, 1936.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred Bill 17, an Act to amend the Canadian Broadcasting Act, 1936, have in obedience to the order of reference of December 17, 1951, examined the said bill, and now beg leave to report the same with the following amendment:

Page 3, lines 37 to 39: delete "on any question of law arising out of the making of such order"

The Hon. the Speaker: Honourable senators, when shall the amendment be taken into consideration?

Hon. Mr. Robertson: Next sitting.

AGRICULTURAL PRODUCTS BOARD BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen, Acting Chairman, presented the report of the Standing Committee on Banking and Commerce on Bill 18, an Act to provide for the establishment of an Agricultural Products Board.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred Bill 18, an Act to provide for the establishment of an Agricultural Products Board, have in obedience to the order of reference of December 18, 1951, examined the said bill, and now beg leave to report the same with the following amendment:

Page 4: add the following clause 7:

7. The Minister shall annually prepare a report with respect to the administration of this Act during the preceding calendar year, and such report shall thereupon be laid before the parliament, or, if parliament is not then sitting, within fifteen days after the commencement of the next ensuing session thereof.

The Hon. the Speaker: Honourable senators, when shall this amendment be taken into consideration?

Hon. Mr. Hugessen: I move concurrence in the amendment. I should explain that the only amendment to this bill made by the committee is to provide for an annual report to parliament by the body which the bill creates. The Minister of Agriculture, who was present at the sitting of the committee to explain the bill to us, fully concurs in this amendment.

The motion was agreed to, and the amendment was concurred in.

THIRD READING

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

Hon. Mr. Robertson: Now.

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

The Senate adjourned until tomorrow, at 11 a.m.

THE SENATE

Wednesday, December 19, 1951

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—MESSAGE OF THANKS FROM HIS EXCELLENCY

The Hon. the Speaker informed the Senate that he had received a message from His Excellency the Governor General reading as follows:

The Honourable The Members of the Senate:

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

Alexander of Tunis

NORTH ATLANTIC TREATY

ACCESSION OF GREECE AND TURKEY

Hon. Wishart McL. Robertson moved:

Resolved, that it is expedient that the Houses of Parliament do approve the protocol to the North Atlantic Treaty on the accession of Greece and Turkey, signed by Canada at London on October 17, 1951, and that this house do approve the same.

He said: This resolution seeks the approval by parliament of the protocol which was tabled in the Senate on December 11th. It will enable an invitation to be extended to Greece and Turkey to join the North Atlantic Alliance, in accordance with the unanimous decision of the North Atlantic Council at its meeting in Ottawa last September to recommend to the twelve countries which are parties to the North Atlantic Treaty that these two countries be admitted to full membership.

It is perhaps unnecessary for me to review in any detail the arguments which caused this unanimous decision to be taken, though I might refer briefly to those points which carried most weight in formulating the Canadian position on this issue.

As was evident from the public debate which attended the North Atlantic Council's consideration of this question, some members of the North Atlantic Alliance, at least initially, had certain misgivings regarding the desirability of extending membership to Greece and Turkey, and would have preferred some alternative method, outside the North Atlantic Treaty Organization, for associating them with Western defence plans. On the whole, such misgivings had their origins in the fear that the admission of two geographically remote countries, which did not entirely share the political and social heritage of the present members of the Alliance, might adversely affect the attainment of the long-term objective of the North Atlantic Alliance, namely, the creation of a closely-knit community dedicated to the promotion of economic stability and social well-being of its peoples.

In the event, however, this disadvantage was acknowledged to be far outweighed by the many obvious advantages of having Greece and Turkey as full members of the alliance. Among other things, it was recognized that the military urgency of the situation in the Eastern Mediterranean area required the rapid creation of some defensive organization, and that any attempt to make the necessary arrangements outside the framework of NATO might have taken too long to organize. In any event, the two countries concerned had publicly declared their reluctance to accept any defence arrangements other than full membership in the North Atlantic Alliance, and in so doing had received the full public support of the United Kingdom and the United States, the two countries which, apart from Greece and Turkey themselves, have the greatest defence responsibilities in the Eastern Mediterranean area.

Quite apart from considerations such as those just mentioned, which would have made it difficult to reach a satisfactory solution other than admission to NATO, there is the generally accepted fact that an attack on Greece and Turkey, regardless of whether or not they were parties to the North Atlantic Treaty, would precipitate a general war in which most of the countries of the North Atlantic alliance would almost certainly be involved. It follows logically, therefore, that no time should be lost in enabling them to participate as soon as possible in the defensive planning of NATO. Indeed, their strategic location on the unguarded southeastern flank of the North Atlantic area renders their adequate defence an essential element in the security of that area as a whole.

Nor must we overlook the fact that Greece and Turkey are in a position to make a substantial contribution to the defence potential of NATO. They have already demonstrated their resolute determination to defend their own territories against outside aggression, despite the overwhelming pressure to which they have been constantly subjected by their powerful Soviet neighbour. They have, moreover, earned the respect and admiration of the whole free world by making a valuable military contribution to the United Nations cause in Korea—and this notwithstanding their preoccupation with the security of their home territories. If for no other reason, such evident devotion to the cause of freedom

would warrant their admission to the North Atlantic alliance, which is itself dedicated to the defence of the free world.

The admission of Greece and Turkey will, of course, enlarge the geographical area over which the North Atlantic Treaty is operative, and will entail an extension of the formal commitments of each party to the treaty. At the same time it must be remembered that Greece and Turkey are being invited to join as full members, not only enjoying all the privileges of membership but also incurring all the obligations. It is through the assumption of these reciprocal obligations that the two new members will contribute to the strength of the forces at the disposal of the alliance, and thus serve its immediate objective of creating a force of sufficient size to deter any would-be aggressor.

Honourable senators may have noted that observers from Greece and Turkey were present at plenary sessions of the recent Rome meeting of the North Atlantic Council, but were not eligible to participate as full members. All twelve present members of NATO must first ratify this protocol before the formal invitation can be extended to the two countries. Steps have already been taken or are now about to be taken by the governments in most NATO countries to obtain the approval of the various legislatures for ratification. We in Canada hope that these constitutional formalities required in the twelve signatory countries can now be completed as speedily as possible in order that the accession of Greece and Turkey to the treaty can be completed without further delay. It is to enable Canada to be in a position to take ratifying action at the appropriate moment that you are being asked to approve the resolution now before this house.

Hon. John T. Haig: Honourable senators, I do not intend to complete at this time my remarks on the resolution. I am entirely in favour of the resolution, which I think is a step in the right direction. I realize that it would be contrary to our rules to refer a resolution of this kind to committee—at least, I have never known of anything like that to be done during my membership of this house—but I am going to make a suggestion. It is that I be allowed to move adjournment of the debate, and that we ask the honourable the Chairman of the External Relations Committee (Hon. Mr. Gouin), to call a meeting of that committee for, say, 2.30 this afternoon, and to invite the very distinguished Minister of External Affairs to attend for the purpose of giving us an historical outline of NATO as well as some information about the meeting that is going on in Paris at present. Of course we would not expect him to disclose anything that he feels it would not be in the public interest to divulge. Speaking for myself, I know that a statement from the minister would be very informative, and as it appears that there will not be very much legislation to deal with today, it occurs to me that our time this afternoon could be well spent in listening to the minister. I would suggest also that all honourable senators—not alone those who belong to the committee—be asked to come to the meeting. If there are any questions to be asked of the minister, I am sure, knowing him as I do, that he would be glad to supply any information and to tell us how he looks upon this resolution. At the same time we could obtain an up-to-date synopsis of the United Nations meeting in Paris.

With that purpose in mind, I would move that the debate be adjourned.

Hon. Mr. Gouin: Honourable senators, I think the remarks of the honourable leader opposite are very well founded and I have reason to believe that the leader of the government had intended to refer this matter to the Committee on External Affairs. Therefore, if the house concurs, I would suggest that the meeting take place this afternoon at 2.30.

Hon. Mr. Marcotte: May I say a word?

The Hon. the Speaker: I would point out that there is before the house a motion for the adjournment of the debate.

Hon. Mr. Robertson: May I make a statement?

The Hon. the Speaker: With leave of the Senate.

Hon. Mr. Robertson: Honourable senators, there is very little information that I am able to supply to the house in this matter. Therefore, if it is the wish of the Senate, we could meet the minister in committee this afternoon, and be enlightened on whatever questions honourable senators have in mind. I am quite agreeable to this procedure.

The Hon. the Speaker: I will allow the honourable senator from Ponteix (Hon. Mr. Marcotte) to speak, but I would remind him that this is not a debatable question.

Hon. Mr. Marcotte: All I wish to say, honourable senators, is that I quite agree with the suggestion made by the leader on this side, except perhaps as to the hour at which the committee should meet. If this house is to resume at 3 o'clock, the committee should meet earlier than 2:30 so that the minister may have sufficient time to deal with the subject.

Hon. Mr. Robertson: I thank my honourable friend for his suggestion, and later I shall move that the house adjourn during pleasure, to reassemble after the committee arises. At that time it may be possible for me to advise honourable senators about our future sittings.

The motion of Hon. Mr. Haig was agreed to, and the debate was adjourned.

CANADIAN BROADCASTING BILL

COMMITTEE AMENDMENT—CONSIDERATION POSTPONED

On the order:

Consideration of the amendment made by the Standing Committee on Banking and Commerce to the Bill 17, an Act to amend The Canadian Broadcasting Act, 1936.

Hon. Mr. Hugessen: Honourable senators, may I suggest that this order stand for consideration until later today?

The order stands.

ADJOURNMENT

Hon. Mr. Robertson: I move, honourable senators, that the house adjourn during pleasure to reassemble at the call of the bell at approximately 4 o'clock or later.

The motion was agreed to, and the Senate adjourned during pleasure.

At 4 p.m. the sitting was resumed.

NORTH ATLANTIC TREATY

ACCESSION OF GREECE AND TURKEY

The Senate resumed from this morning the adjourned debate on the motion of the Hon. Senator Robertson:

Resolved, That it is expedient that the Houses of Parliament do approve the Protocol to the North Atlantic Treaty on the accession of Greece and Turkey, signed by Canada at London on October 17, 1951, and that this House do approve the same.

Hon. John T. Haig: Honourable members, it would certainly be an anti-climax if I were to address myself at any length to this subject after the very happy hour or so we spent this afternoon listening to the Minister of External Affairs. It was a very pleasant experience, and the minister's speech gave me, and I hope everyone else who was present, a fund of information about NATO and its relation to the affairs of western Europe.

I do not wish to do anything to dull the impression which the minister's statement made upon our minds. He gave reasons for a conclusion at which a good many of us had already arrived, that NATO, by the very nature of its organization, is a more effective agency than UNO for the prevention of aggression. He also explained, in answer to questions asked by two or three honourable senators, that Canada, among other nations, through its government and parliament, will have the power of deciding what action she will take; and occasions for making such decision will probably arise over and over again in the years to come. For what it is worth, it is my opinion that we are not now in a position to judge of the developments or the obligations which will occur in future, for nobody can foresee what turn world events will take. If any of us had been told in 1939, when Their Majesties the King and Queen were visiting Canada, that by 1951 or 1952 Canada would have membership in an organization like the United Nations, much less NATO, we would have scouted the idea as beyond belief.

I approve this protocol; I endorse it; and I take this opportunity personally to thank the Secretary of State for External Affairs for the very able statement he gave us. There was no attempt to evade questions, and I personally learned a great deal from what he told us.

Some Hon. Senators: Hear, hear.

Hon. L. M. Gouin: Honourable senators, I am sure we shall all join with the leader of the opposition (Hon. Mr. Haig), in the very complimentary remarks which he just made and I wish to thank him for the suggestion he made this morning that our Secretary for External Affairs should appear before the Senate Committee on External Relations. The reference of the resolution to that committee enabled us to obtain a very interesting and illuminating explanation from the minister. His appearance was purely for explanatory purposes, and no report by or on behalf of the committee is required. We were not called upon to adopt any resolution, we were given the opportunity to hear a report, and I repeat, a very interesting report, concerning the North Atlantic Treaty Organization and the admission to it of two additional members.

I think that for the sake of the public at large, and especially for those members of this house who did not have the opportunity to attend our meeting, it would be in order for me to make a few comments concerning the effect of the protocol. At the conference of NATO which was held in Ottawa it was decided to invite Greece and Turkey to become members of the organization. Who took the initiative in this move I do not know, but my impression is that it came from both sides, and resulted from the plan of containment which was adopted some years ago. The protocol, which has already been signed by the twelve present members of the North Atlantic Treaty Organization, extends, as

respects the area covered by it, the obligations which existed under the North Atlantic Treaty of 1949. For that reason the government, although not obliged by the constitution to do so, but in accordance with well established convention or usage, requested the approval of both houses of parliament to the protocol already signed on behalf of Canada on October 17, 1951.

The protocol contains only three articles. Under Article I will be found the conditions concerning the coming into force of the protocol and the deposit of the instrument of accession with the Government of the United States on behalf of the Kingdom of Greece and the Republic of Turkey after their acceptance of the invitation extended to them.

The article to which I wish to devote the very few remarks I hope to make before resuming my seat is Article II, which contains the definition of the territory that will be covered by the North Atlantic Treaty after its extension to Turkey and to Greece. Under Articles 5 and 6 of the North Atlantic Treaty as adopted in 1949, certain territory was considered as being protected against any attack by an aggressor on the principle that any attack within that territory would be regarded as an attack against all the members of the North Atlantic Organization. According to Article 6 of the original treaty, the North Atlantic territory included only parts of North America and of Europe, but the acceptance of Turkey means that a part of Asia will now be covered by the Treaty. That is why section 1 of Article II of the Protocol refers to the territory of Turkey, and section 2 refers to forces, vessels, or aircraft of any of the parties in the Mediterranean area.

Canadians may now be wondering what effect this extension of territory may have upon their own obligations. First of all I would point out that even without the protocol, if any further aggression had been committed in Greece or if any aggression had been initiated against Turkey, our whole system of collective security would have been threatened, and it would have been necessary to intervene for any member of the North Atlantic Treaty Organization merely in the interests of military strategy. In other words, it would have been the duty of all these countries, including Canada, to take whatever steps each might deem advisable to resist such aggression. Greece has already been the victim of aggression, but the situation in that country is fairly satisfactory now. Turkey has not yet been the victim of communist aggression, but time and again it has been the object of threats. Turkey has an efficient army, and its forces in Korea have distinguished themselves by their heroism and courage. The same may be said about the Greek forces in Korea. The situation, therefore, from a practical point of view remains unchanged as far as Canada is concerned, but the idea behind the protocol is to make it clear that an act of aggression against any one of the fourteen members of the North Atlantic Treaty will be looked upon as aggression against all fourteen members. It must be clearly understood, that the Canadian people will not be obliged to make any definite contribution in men or money, and that under Article V our obligation is more or less a moral one, though I myself would consider it just as binding as any purely legal obligation.

As I have said, according to the protocol, if there is an attack against any member country of the North Atlantic Treaty, including Greece and Turkey, Canada will consider it an attack against its own territory. Consequently we agree that in accordance with the principle of collective self-defence outlined in Article LI of the charter of the United Nations, we shall assist any country or countries attacked. In other words, the North Atlantic Treaty is a purely defensive pact, and the protocol is purely a defensive agreement.

It is not for the purpose of facilitating aggression against Soviet Russia that Turkey and Greece have been invited to become members of the North Atlantic Treaty Organization. These two countries are considered to be essential links in our first line of defence. If any such country is attacked, we are obliged under Article V to assist that country, but the limit of our assistance is to be determined by the Canadian parliament. We are bound to assist and to take such action as we may deem necessary—including the use of force—to restore and maintain the security of the North Atlantic area as extended by this protocol. If there is an attack, the government would take any steps which might be necessary to resist aggression in a case of emergency, but would apply to parliament for approval of the course of action decided upon. It must be emphasized that the protocol does not deprive parliament of its very clear right to approve or to repudiate any action taken or recommended by the government in the case of an eventual declaration of war and the necessity to participate in military operations. I believe it is in the interest of peace that the protocol should be adopted unanimously by this house. It is in the interest of peace that Canada has signed the protocol in its present form. And it is in the interest of peace that, I trust, the protocol will be ratified by the Canadian

Parliament and, eventually, by the other eleven present members of the North Atlantic Treaty Organization.

The motion of Hon. Mr. Robertson for approval of the protocol was agreed to.

CANADIAN BROADCASTING BILL

COMMITTEE AMENDMENT NEGATIVED

The Senate proceeded to consideration of the amendment made by the Standing Committee on Banking and Commerce to Bill 17, an Act to amend the Canadian Broadcasting Act, 1936.

Hon. Mr. Hugessen: Honourable senators, this order stands in my name, and ordinarily I should move concurrence in the amendment. The only reason why it stands in my name is that during the absence of the chairman of the committee yesterday afternoon I was for a time acting as chairman; but the amendment to which the report refers, and which it recommends, was considered in the morning. I opposed that amendment, and therefore I opposed the committee's report. In the circumstances it would not be appropriate for me to move concurrence in the amendment, and I have asked the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), to make the motion.

Hon. Arthur W. Roebuck moved concurrence in the amendment.

He said: Honourable senators, in view of the fact that I moved the amendment in committee, I think it is very fitting that I should move concurrence in it here.

Perhaps, for the benefit of senators who were not present at the committee, I had better give an explanation of what the amendment is and what it involves. But first let me say that I am not a fan of private radio stations or an advocate for them, and I do not carry any brief on their account or on anybody else's account. My own view is that private radio stations should be subject to the control of the C.B.C. or such other authority as the government may set up for that purpose. I do not subscribe to the theory that those who gain the valuable special privilege to use as their own an air channel to reach the thoughts and the hearing of the people of Canada have any vested interest in that right, or that a channel once assigned to some broadcasting institution becomes a fee simple which is the property of that institution and that it can do with it as it likes. That is not my appreciation of the position of the private broadcasters at all. They occupy a position of value, they have a special privilege not granted to all others—a monopoly of the use of certain air channels. They hold a very important position in the community.

Hon. Mr. Vien: Would the honourable gentleman apply that principle to all public utilities or people to whom concessions of natural resources have been made by the Crown?

Hon. Mr. Roebuck: Well, in a general way. It is a very sweeping question—

Hon. Mr. Vien: I speak of vested interests.

Hon. Mr. Roebuck: The senator from De Lorimier asks a very sweeping question, whether I would apply that principle to all people who have received concessions of natural resources from the Crown. I would say, in a general way, yes, but subject perhaps to some qualification as to each case that he might mention. My view of a special privilege granted to individuals by a government is that it should be exercised with due restraint and looked upon as a special privilege which may be withdrawn.

Radio broadcasting is in a field by itself, and the necessity for regulation of it is much more apparent and pressing than it is with respect to many other special privileges granted to private individuals—as, for instance, the special privilege to run a railway—because, particularly in times of war, the people who broadcast must be made to conform to certain regulations and restrictions. The power to broadcast is sometimes the power to disrupt, to do great damage; or, on the other hand, the power to do great good, to create mass opinion. The greatest power exercised by the dictators was through their control of the air, so that the people could hear only those things which the dictators desired them to hear.

It is dangerous to allow a private individual or private interests to have a perfectly free hand, a monopoly, in the right of access to the ear of the nation. A broadcasting station is in a different position from a newspaper in this respect. A newspaper's words are on record, in print, and the publisher can be held responsible in a way that a broadcaster cannot. This is not exactly on the point, but it is cogent to what I am arguing. I contend that private broadcasters should be subject to public control, and I oppose giving them an absolute ownership of air channels or the right to use them just as they like.

With that in mind let me say that here, as in all other cases, dictatorial methods are not wise. We live in a democracy, and it is much better to gain our ends by an even-handed justice than by wielding a big stick over the heads of people.

Now, it has been the law of Canada for a long time, perhaps ever since the beginning of broadcasting in this country, that the C.B.C. should have the right to formulate regulations which other broadcasters must observe. The provision is not new that if a private station violate or fails to observe the regulations made by the corporation, the corporation can take certain actions and impose certain penalties to enforce the observance of the rules. That, as I say, has been the law right along. But recently an amendment was made, which will be found in the bill now before us. So that we may have clearly in our minds what the proposed changes are, I shall read subsection 6 of section 7 of the bill. That subsection would provide:

> In the case of any alleged violation or non-observance by a private station of the regulations made by the corporation under this section, the corporation may, after notice has been given to the licensee of the alleged violation or non-observance and an opportunity afforded to the licensee to be heard, order that the licence of such private station be suspended for a period not exceeding three months, but such order shall not be effective until the expiration of ten days after the making thereof; and any such order shall be forwarded to the Minister of Transport who shall forthwith communicate the same to the licensee and shall take such steps as may be necessary to carry out the terms of such order.

Honourable senators will observe that a number of things arise out of that subsection. First of all, the alleged offence must be non-observance or violation of regulations. That is all that is involved. In the course of the discussions the point has been raised that the regulations are not intended to completely control private stations, that there may be cases of inefficiency, or tendencies in the wrong direction, or something else in the nature of bad management. It has been said that these matters cannot be governed by regulation, and yet that the C.B.C. should have the right to act in accordance with its judgment in such circumstances. I will grant that point. But I go further and say that the licence given to the private broadcaster is renewed annually, and that the time to take into consideration complaints such as I have mentioned, rather than direct violations of the regulations, is when the licence is renewed.

In a case of unsatisfactory broadcasting, the C.B.C. has two alternative procedures: it may cancel the licence outright at the time of violation of the regulations, or within the year, when the time for renewal comes up, the C.B.C. may say to the private broadcaster that for some reason or other—it may be that C.B.C. does not like the colour of his hair—it does not propose to renew the licence. Under those circumstances the broadcaster is out. So, it is not a case of the difficulty or the impossibility of defining what are infractions, and there is no confusion as between general poor management and the violation of regulations. That is the important point in this amendment.

Here we are dealing with one thing only: the violation of a written regulation supplied to broadcasters by the C.B.C. The suspension or cancellation of the licence of a private station is drastic action; therefore the amendment would provide a method of appeal, which I submit is the reasonable thing to do. The C.B.C. does not desire, I take it, to occupy a position of dominance, act arbitrarily or appear to be tyrannical; and certainly we have no desire that it should do so.

While I make great reservations as to the right of the C.B.C. to control private stations, at the same time I feel that the arbitrary concellation of a right to broadcast is to be avoided. It must be appreciated that one who secures a licence to broadcast must have spent a considerable amount of money, for broadcasting equipment is expensive and is becoming more so. The cancellation of a right to use machinery that has been set up is a very drastic remedy. Indeed, even to refuse to renew a licence is drastic, but to come down with an axe, as it were, in the middle of a year, and peremptorily cancel a licence, is an action that should be taken only with great care and deliberation, and with every assurance that the grounds upon which the action is based are or can be established. In view of the desire on our part to see that the private station shall not be subject to arbitrary control, this amendment gives the right of appeal against such drastic action.

In subsection 7 of section 6 these words appear:

> Where the corporation orders the suspension of the licence of a private station under subsection six, the licensee may by leave of a judge of the Exchequer Court of Canada appeal against such order . . .

I pause there for a moment to emphasize the fact that the appeal is with the leave of the judge. That means that the taking of frivolous appeals is unlikely. The first thing that the "prisoner at the bar" must do is to ask leave to appeal and establish the grounds upon which he proposes to urge his appeal.

Hon. Mr. Dupuis: May I ask the honourable member whether this is his own amendment made in committee?

Hon. Mr. Roebuck: Yes, sir.

Hon. Mr. Haig: No, no.

Hon. Mr. Dupuis: Do I understand that this amendment was made in committee and was adopted?

Hon. Mr. Roebuck: No. I will come to my amendment in a moment.

Hon. Mr. Haig: This is what the government wants.

Hon. Mr. Roebuck: To make the matter perfectly clear, I shall read now from the bill. Subsection 7 says:

(7) Where the corporation orders the suspension of the licence of a private station under subsection six, the licensee may by leave of a judge of the Exchequer Court of Canada appeal against such order to the said court on any question of law arising out of the making of such order and the said court may stay the operation of such order or suspension pending its final decision and may affirm, alter or rescind the order appealed against.

I have read the whole subsection as it stands in the bill. I might as well read the next next subsection:

(8) The corporation, before making or amending a regulation that affects private stations, shall give notice of such intention in the *Canada Gazette* and shall give private stations a reasonable opportunity to be heard before such regulation or amendment comes into operation.

That provision is not at the moment in question. What is in question is whether, when an appeal is made to a judge of the Exchequer Court, that court in hearing the appeal shall be limited to questions of law.

Let me try as best I can—and not without difficulty—to distinguish between questions of law and questions of fact. Perhaps the best illustration is that of a libel action. A says something about B that B considers to be defamatory, and he brings an action against A. He writes in his statement of claim the words of which he complains, and at the opening of the trial the judge reads the pleadings and rules on whether or not the words complained of are capable of a defamatory meaning. If the judge rules that the words, with the innuendoes that are pleaded, are not capable of a defamatory interpretation, the trial stops right there. If on the other hand he rules that they are, the trial proceeds. Now, that decision is a decision of law, and, the question of law having been determined, the court proceeds to find out whether the words were in fact spoken, whether they were in fact defamatory of the plaintiff, and if so, whether they are justified by any of the defences which have been urged. The occasion may have been privileged. It may be that although the words, if taken literally, mean one thing, in actual fact they mean something different from what they were understood to mean by those to whom the words were spoken. You may remember the Virginian in the old novel who said to somebody who had made a remark, "When you say that, smile". That is to say, you may call one of your friends an "old rascal", or use some expression of that kind, but, if you say it with a smile, it does not carry its literal meaning. That is one defence which may be raised in an action of this kind. The question of whether the words constitute a libel is one of fact.

There is a regulation of the Canadian Broadcasting Corporation that no broadcaster, private or other, shall indulge in attacks upon any religion or race or nationality. Let us assume that the board of the C.B.C. comes to the conclusion that this regulation has been violated in some article published or broadcast by a private station, and makes an order suspending the rights of that station. Notice of the suspension is sent to the Minister of Transport, and he, who under this law is a mere conduit through which the power flows, must notify the licensee that he is out; and the licensee, apart from this possibility of appeal, is finished.

Hon. Mr. Fogo: May I point out to the honourable senator the provision that before there is any suspension the party must be notified and have a hearing.

Hon. Mr. Roebuck: Oh, no.

Hon. Mr. Fogo: Oh, yes.

Hon. Mr. Roebuck: With great deference, I think not.

Hon. Mr. Fogo: I would refer the honourable senator to subsection (6).

Hon. Mr. Roebuck: The words referred to are:

Such order shall not become effective until the expiration of ten days after the making thereof; and any such order shall be forwarded to the Minister of Transport, who shall forthwith communicate the same to the licensee.

So soon as the Minister of Transport gets the order he communicates it to the licensee; and that is that; he has no discretion in the matter.

Supposing, however, that the licensee feels that he has been unjustly treated, that the article complained of does not mean what the C.B.C. and the board thought it did, or that some other of a thousand possible defences are raised. Application is made to appeal. The judge of the Exchequer Court holds that it is reasonable that the case should be heard, and in the public interest he gives leave to appeal. Then what have you? You have an appeal to a court hog-tied in advance by parliament, in that it can hear and determine only questions of law, not questions of fact. Such an appeal is illusory. What are the questions of law that could be raised

under these circumstances? I do not know. I find it very difficult to imagine any. I suppose it might be argued that there is no such regulation, or that the regulation does not mean what it says, or something of the kind. But it is not with that sort of argument that any licensee would take to court; it would be on the facts, as to whether the article in question is libellous, whether it violates the regulations.

The idea of an appeal is not mine. I did not draw this section; nobody in this house drew this section; and nobody here, perhaps, is much concerned about whether there is to be an appeal or not, at least under these circumstances. But I say that if there is to be an appeal it should be a real appeal: we should not deliberately so tie the hands of the appeal judge that he cannot inquire into the facts of the case as well as the law before he comes to his decision. Far better to have no right of appeal at all than one which is jug-handled, which hog-ties the judge so that his decision is not such as will command the respect of the public. If there is to be a right of appeal to a judge, let the judge be free to inquire into the facts and, as I have said, to consider and determine questions both of law and of fact. It was with this idea in mind that I moved the amendment. Subsection (7) of section 7 of the bill is as follows:

> Where the corporation orders the suspension of the licence of a private station under subsection six, the licensee may be made by leave of a judge of the Exchequer Court of Canada appeal against such order to the said court . . .

The amendment would strike out the words following:

> . . . on any question of law arising out of the making of such order . . .

Then the section continues:

> . . . and the said court may stay the operation of such order or suspension pending its final decision and may affirm, alter or rescind the order appealed against.

We dropped the words:

> . . . on any question of law arising out of the making of such order

And so we left it open to appeal on questions of law or of fact, or on mixed questions of law and fact, which are perhaps the most important. In this way we have established a real appeal instead of an illusionary one, and I think all honourable senators will agree that an illusionary appeal is worse than no appeal at all.

I submit to my colleagues that the amendment should carry, and that the report of the committee should be concurred in. Let me point out that a number of lawyers, including the chairman, took part in the deliberations of this committee and, with the exception of the honourable gentleman from Inkerman (Hon. Mr. Hugessen), every lawyer on the committee voted in favour of the amendment.

Hon. Mr. Beaubien: That does not make it right.

Hon. Mr. Roebuck: No, but it is something that you cannot brush aside.

Hon. Mr. Beaubien: I voted against the amendment myself.

Hon. Mr. Roebuck: Yes, and that fact is also a matter for consideration.

Hon. Mr. Beaubien: Thank you.

Hon. Mr. Roebuck: I shall record that as a point scored by the opposition, but surely we cannot brush aside as unimportant the fact that all but one lawyer on the committee voted in favour of the amendment, which after all involves a question of law.

Hon. Mr. Beaubien: Is it not true that many of the lawyers on the committee were themselves confused?

Some Hon. Senators: Oh, oh.

Hon. Mr. Roebuck: I know of no one who was confused except the gentleman who did not hear the discussion because he came in late. I am unaware of any confusion about the amendment. It is perfectly clear, and so is its purpose. It is also clear that if the amendment is not carried we shall have an appeal which is not worth a hoot.

Hon. Mr. Dupuis: Was a vote recorded on the amendment?

Hon. Mr. Roebuck: Yes, and the amendment carried, I think, eight to five.

Hon. Mr. Fogo: May I ask the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) a question? Is it not a fact that this is the usual type of appeal from administrative boards such as the Workmen's Compensation Board and the Board of Transport Commissioners? I am sure the honourable gentleman is familiar with such legislation, and I do not think he intended to leave the impression that this was something unique, and that courts are not ordinarily dealing with appeals on questions of law only.

Hon. Mr. Roebuck: These are cases in which provincial legislation has had a tendency to give boards arbitrary powers. One measure that has been in the public eye very much of late is the labour legislation in the Province of Ontario, where the legislature provided that the decisions of the Labour Relations Board should be absolutely final. An appeal was made and the judge held that such a provision was contrary to natural justice. There have been many attempts to make the decisions of board absolute and final; and if

that is the desire of the dominion parliament then this section has no business to be before us at all.

Hon. Mr. Lambert: Hear, hear.

Hon. Mr. Roebuck: If it is desired to make the C.B.C. an absolute and final court—a court taking part in the work, a court of first instance, a court of appeal, and a court of everything else—then we should strike out the entire section. We should have no illusionary appeal. If we are going to have an appeal it should be a real one. It is not an argument against what I say to cite cases of arbitrary legislation which has been passed by a provincial legislature or by the Dominion Parliament.

Some Hon. Senators: Hear, hear.

Hon. Wishart McL. Robertson: Honourable senators, in its report on Bill 17, an Act to amend the Canadian Broadcasting Act, 1936, the Banking and Commerce Committee recommended that clause 7 be amended to provide for appeals from suspension orders not only on questions of law, but also on questions of fact.

This particular appeal section was inserted in its present form only after the government had fully considered its possible application. The government felt that appeals should be confined to questions of law because the Board of Governors of the Corporation is, by law, the authority vested by parliament with the responsibility of administering the Broadcasting Act. The effect of the amendment would be to substitute the judgment of a judge of the Exchequer Court for the judgment of the Board of Governors, on matters which the members of the Board, by virtue of their experience in broadcasting matters, are more competent to decide. If the section were revised in the manner recommended by the committee, appeals on questions of law or fact, or mixed law and fact, would be permissible, and this would open the door to the potentiality of appeal in every case.

Honourable senators, when speaking on the motion for second reading of this bill on Monday morning, the honourable leader opposite (Hon. Mr. Haig) made the following comparison:

> How would we like it if one of our railroads were under the control, in respect of jurisdiction, of the other? Suppose a law were passed to make the Canadian National Railway subject to the Canadian Pacific Railway in the same fashion as private stations are controlled by the Canadian Broadcasting Corporation, what would be the reaction of the public? Would not the national interest suffer? Would there not be protests on every hand? Or consider what would happen were the Canadian Pacific Railway controlled by the Canadian National? Yet in principle much the same thing obtains here.

Honourable senators, I do not think this presents a true picture of the situation. In its wisdom the parliament of Canada, either rightly or wrongly, conferred upon the C.B.C. the full responsibility in the matter of broadcasting in Canada; and the government feels, unless parliament decrees otherwise, that there should be no whittling away of this definite responsibility. Therefore, honourable senators, I would ask the house not to concur in the amendment.

Hon. John T. Haig: Honourable senators, I was present at the meeting of the committee and heard the whole discussion. I will not attempt to retrace the detailed explanation given by the senator from Toronto-Trinity (Hon. Mr. Roebuck). Subsection (7) of section 7 of the bill says, in effect, that anybody who feels offended by an order of the C.B.C. suspending the licence of a private station may, by leave of a judge of the Exchequer Court, appeal to that court against the order on any question of law arising out of the making of the order. That is a new section and an advance, but I agree entirely with the senator from Toronto-Trinity that it means nothing at all. Look at the Board of Transport Commissioners. They have made a large number of rules and regulations on freight rates, but if my memory is right there has been only one appeal on a question of law arising out of the making of any of their rules or regulations; and that was an appeal from a temporary order that was to come into effect on a certain date, an order which in the circumstances the board had not the power to make.

Well, I say quite candidly, I can see no object in our having meetings of a committee if, after the committee has considered a matter carefully and fully and a majority of the members have voted for a certain decision, the leader of the government is to come here and say that the government does not agree with that decision. In the present case the Banking and Commerce Committee carefully and fully deliberated upon the Broadcasting Bill, with the assistance of officials from the C.B.C. itself, and by a majority of members the committee came to a certain decision. Now, that cannot be said to be a decision of members belonging to the party in opposition to the government, for I was the only member of the opposition party at the committee, so the decision of the committee was expressed by men who, with the exception of myself, were appointed by a Liberal administration. I repeat, what is the good of having a committee go into all

the merits of the bill and listen to representations from officials, if the goverenment is to oppose the committee's recommendation?

There has been some reference to the lawyers on the committee. My honourable friend opposite is always joking about lawyers, but if he got into trouble he would run to a lawyer faster than anybody else. In fact, he would hire a taxi to get to the lawyer's office at the earliest possible moment.

Hon. Mr. Beaubien: Do you mean me?

Hon. Mr. Haig: Yes, that is just what you would do.

I certainly cannot be accused of not attending committee meetings. This session I have not missed a single meeting of any committee of which I am a member, and in every instance I have sat right through the meeting, except perhaps when someone sent for me and I had to step out for a short time. I say that without fear of challenge. But what is the good of sitting on a committee for two or three hours, examining witnesses and studying a bill thoroughly, if we are to have the experience that we have had here today? The amendment that the committee reported was moved by a senator who belongs to the same party as that of the government in power and it was carried by a majority of members of the same party, yet the leader of the government gets up in this chamber and asks that the amendment be not concurred in.

Hon. Mr. Beaubien: What would be the use of this chamber if it could not reject a committee amendment when deemed necessary?

Hon. Mr. Haig: Don't worry; I will get to that. You don't need to hurry me at all. I could understand that the leader of the government might feel it desirable to challenge the committee amendment if it were directly contrary to government policy, but that is not the case here. The government had already inserted into the bill an amendment making possible appeals to the Exchequer Court on any question of law arising out of the making of an order by the C.B.C. for the suspension of the licence of a private station, and the committee's amendment simply struck out the words which would limit appeals to questions of law.

I agree entirely, as any lawyer would, with what has been said by the senator from Toronto-Trinity (Hon. Mr. Roebuck). Here is the situation. The C.B.C. regulations prohibit anyone from broadcasting over the air a statement prejudicial to any race or religious creed. If any station disobeyed that order its licence would be subject to cancellation, but the C.B.C. has never yet cancelled a licence. That is what the record shows.

Hon. Mr. Howard: That is a good record.

Hon. Mr. Lambert: There has not been a case justifying cancellation.

Hon. Mr. Haig: Therefore this subsection (7) must be intended to apply to some other order. Remember, regardless of what appeals are made under this subsection, the Minister has the right to cancel a licence if he sees fit.

Hon. Mr. Howard: Certainly.

Hon. Mr. Haig: There is no question about that. He has discretionary power to cancel the licence of a station without a recommendation from anybody.

Let me illustrate the effect of the committee's amendment. Suppose the C.B.C. ordered the suspension of the licence of a private station in Montreal, alleging that the station violated some regulations. There would not be much difficulty in establishing the facts before the court. A copy of the script that was used would be available, and it could easily be shown that the broadcast was made. There would be no difficulty in establishing the facts.

Hon. Mr. Roebuck: Or the regulation.

Hon. Mr. Haig: No. It would not be like an action for libel or slander, where a judge has to hear a lot of witnesses and decide who is telling the truth and who is lying. There would be no difficulty of that kind at all, for all the evidence would be on hand.

Those of us who voted for this amendment in committee think that it would make the C.B.C. a little more careful before cancelling a licence, and provide for a fairer basis of appeal in any case where a licence was cancelled. Of course, the C.B.C. can refuse to renew any licence at the end of the year; and, as I have said, the Minister can cancel a licence out of hand at once. Furthermore, I cannot imagine that a Judge of the Exchequer Court would allow an appeal if the Minister thought that the continuation of a licence to a certain station was against public policy. And I have such confidence in the Minister that I feel sure he would suspend the licence of any station which broadcast a statement prejudicial to people of any race or colour. For instance, suppose a certain station broadcast that coloured men should not be employed in a certain industry. I believe that, no matter what any judge might say, the Minister would

not allow a station of that kind to continue broadcasting. I may be wrong, but that is my own belief. Therefore I do not think there is a great deal involved in the amendment. But I agree entirely with the senator from Toronto-Trinity (Hon. Mr. Roebuck), that it is no use having a statutory provision which does no good at all. That is merely a joke. If the amendment is rejected, a station owner who consults a lawyer will be told that it is no use making an appeal, because—

Hon. Mr. Aseltine: "It is already decided against you."

Hon. Mr. Haig: Yes. The statute gives the C.B.C. the power to pass regulations and the right to cancel licences. I submit that this section should either be stricken out altogether or be amended so as to have some meaning.

What is the use of the Senate if, after a committee has given mature and deliberate consideration to a certain subject and reached a conclusion upon it, the leader of the government is going to read to the house a statement that the government does not agree with the committee's recommendation? If that can be done we cease to be a Senate, we are a superfluous body of members drawing salaries. This is an opportunity that I have been looking for these last two or three years, an opportunity to challenge the government members in the Senate either to stand up and be counted for the independence of this house, or to admit by their action that they are simply puppets of the government ready to jump whenever the government leader pulls the string.

Hon. Thomas Vien: Honourable senators, I should like to point out the very striking difference that there is between the provisions in this section and the provisions of the Railway Act with respect to appeals from the Board of Transport Commissioners. In the first place, the Governor in Council may at any time, in his discretion, upon application, or of his own motion, vary or rescind any order or decision of the board. Appeals are allowed as of right from decisions of the board to the Supreme Court of Canada on questions of jurisdiction.

Hon. Mr. Haig: That is right.

Hon. Mr. Vien: Appeals may also be taken, with leave from the board, on a question which, in the opinion of the board, is a question of law or of jurisdiction, or both.

The fundamental difference under the measure now before us is obvious; there is no right of appeal from a decision of this board to the Governor in Council; indeed, the jurisdiction of the Governor in Council is wiped out.

Honourable senators will please note lines 29 and 30 on page 3, which read as follows:

> . . . any such order shall be forwarded to the Minister of Transport who shall forthwith communicate the same to the licensee and shall take such steps as may be necessary to carry out the terms of such order.

By law the minister receives imperative instructions to carry out such order. Nowhere else in our statutes is similar language to be found with respect to the powers of a minister. The minister is always given discretionary power over the action of boards or commissions. It will suffice to refer honourable senators to the provisions of the Income Tax Act, the Customs Act, and several others, where the minister may approve, but is not compelled to, and may set aside any decision of his administrative officers. Under the legislation before us there will be no such discretion; on the contrary, imperative instruction is given, and the minister must carry out the directions of the board.

Hon. Mr. Roebuck: He is a puppet under this legislation.

Hon. Mr. Vien: The minister becomes the executive officer of the C.B.C.

The senator from Toronto-Trinity (Hon. Mr. Roebuck) and the leader opposite (Hon. Mr. Haig) have accurately stated that the right of appeal on questions of law is new, and is introduced by the government itself. Until now there was no appeal, even on questions of law. The government now finds it expedient to assuage the rigors of the Act, and to grant a right of appeal from possible arbitrary decisions. But I concur in the views expressed that such right of appeal should be effective and not illusory. In matters coming before the board it will very often be impossible to distinguish between questions of law and questions of fact; in most cases, such questions are mixed questions of law and fact.

The amendment adopted by the committee purports to give, in all cases, an effective right of appeal on law and fact; and so that frivolous appeals may be avoided, leave must first be obtained from a judge of the Exchequer Court of Canada.

I am strongly in favour of this amendment.

Hon. Gray Turgeon: Honourable senators, I feel an obligation, at least to myself, if not to those who must listen to me, to say a word about this amendment. Ever since I became a member of parliament in 1935 I have been a strong friend of and advocate for private stations. For many years I have felt that these stations should not be under the enforced supervision of the Board of Governors of the Canadian Broadcasting Corporation.

When this bill was up for second reading the other day I took the liberty of suggesting that, because of circumstances beyond our control, it would be well at the next session to place the private broadcasters under a new board, of which the chairman of the Board of Governors would automatically become a member.

My real reason for speaking now is to explain why I intend to vote against the amendment. Incidentally, with all due respect to my personal friend, the leader opposite, I think a senator has every right, if he sees fit, to vote against a recommendation which comes from one of our committees. I am not a lawyer, and I do not have the knowledge which lawyers possess; however, I think that under this bill private stations have the same right of appeal to the Governor in Council as they would have under this proposed amendment.

Hon. Mr. Aseltine: No, no.

Hon. Mr. Turgeon: I have read the statute, and I think I understand it. Subsection 6 of section 7 would add a few adjectives which do not appear to vary the principle. The minister in charge of radio has the same responsibility under the present Act as he would have under the proposed amendment, namely, of automatically passing on to the private stations the information that comes to him from the Board of Governors when there is an order for cancellation. Therefore, I say that this proposed measure does not take away any right of appeal to the Governor in Council which private stations have enjoyed. A new, though limited right is provided—the right to appeal to the Exchequer Court on questions of law but not on questions of fact.

As I see it, the main point of our discussion is whether we are going to admit—and I am not prepared to admit it—that the Board of Governors of the C.B.C. is the proper body to supervise the administration of the private stations. I do not think it is. But if we change this proposed legislation, and broaden the rights that a private station faced with the cancellation of its licence may have, taking away the proposed right of appeal on questions of law, but adding a permission to appeal on questions of fact, those of us who desire to see the responsibility of supervision given to a different board might just as well desist from trying, because it would be unlikely that any further effort to improve the position of the private broadcasting stations would have much effect.

An Hon. Senator: Anyway, there will never be such a board.

Hon. Mr. Turgeon: Possibly that is so. I am not arguing, I am simply stating my position and explaining why it is my intention to vote against this amendment.

Hon. A. K. Hugessen: I have only a few words to say, but I think I should first question the statement made by the honourable leader on the other side (Hon. Mr. Haig) that where a committee of this house reaches a conclusion the Senate, upon consideration of the report of the committee, is bound to adopt the report of that committee.

Hon. Mr. Haig: I did not say that. I said, on government legislation, introduced at the request of the government.

Hon. Mr. Hugessen: I am sorry I misunderstood my honourable friend. But I do affirm that this house has every right to consider in every way reports made by its committees, and that it is not necessarily bound by their reports, particularly where, as in this case, the report is not unanimous. The vote on this amendment was, I believe, eight in favour and five or six against.

My honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) took a good deal of comfort from the fact that of the four lawyers who were members of that committee, three voted in favour of the amendment, and only one, who happens to be myself, voted against it. Well, upon that question I simply appeal to my friends from the province of Quebec, and ask if they will not agree with me that one lawyer from Montreal is always worth three lawyers from Toronto?

Some Hon. Senators: Oh, oh.

Hon. Mr. Hugessen: This is a very simple question. A good deal has been said this afternoon about the dreadfully arbitrary powers of the C.B.C. over the private stations. If honourable senators will read the amendments to the Canadian Broadcasting Act which are incorporated in this bill they will see that those amendments are full of additional safeguards against any arbitrary action by the C.B.C. Look, for instance, at subsection (8), a new provision, which states that the corporation—that is, the C.B.C.—before making or amending a regulation which affects private stations, must give notice of such intention in the *Canada Gazette* and give private stations a reasonable opportunity to be heard before such regulation or amendment comes into operation. That is an entirely new protection for private stations. Or take subsection (6). As it stood, that subsection gave the C.B.C. power to suspend the licence of a private station which violated the regulations. It did that, and nothing more. But subsection (6) as amended provides that in case of any alleged violation the corporation may,

. . . "after notice has been given to the licensee of the alleged violation or non-observance and an opportunity afforded to the licensee to be heard"—

All this is new, and for the protection of the private interests.

—order that the licence of such private station be suspended for a period not exceeding three months, but such order shall not be effective until the expiration of ten days after the making thereof.

I say that this amending legislation gives full and new protection to the private stations against arbitrary orders of the C.B.C.

There is the further protection, which is now under consideration, that private stations shall have a right of appeal on questions of law from an order of the C.B.C. suspending them. The whole controversy that has arisen this afternoon is as to whether the right of appeal, instead of being limited to questions of law, should be extended to include questions of fact. For many years attempts have been made on the part of some private radio stations—

Hon. Mr. Howard: Some.

Hon. Mr. Hugessen: —to attack the C.B.C., to limit its powers, and to divest it of regulatory jurisdiction of any kind over private stations. If this amendment is adopted it will be the thin end of the wedge, opening the way to the appointment of some body to review the actions of the C.B.C. A judge of the Exchequer Court will be empowered to decide not only questions of law arising under this subsection but any and every question of fact which may arise out of the cancellation of a licence. Thereby we shall be setting up a new authority to overlook and override the decisions of the C.B.C., and I think that is absolutely a wrong step to take.

Hon. Mr. Roebuck: Then may I ask the honourable gentleman, why have an appeal at all?

Hon. Mr. Hugessen: Because questions of law may arise. It is sometimes difficult to see in what manner such questions may arise. But let me remind my honourable friend of the appeal taken by the Canadian Pacific Railway from the Board of Transport Commissioners two years ago on a question of law. The issue was a vital one, and the C.P.R. was sustained by the Supreme Court, who held that the board had not carried out the functions conferred upon it by parliament. Such a case might well occur under the present legislation.

Hon. Mr. Roebuck: Is it not possible to take such an appeal now? I suggest that if the C.B.C. goes outside its authority or violates its legislative powers, an appeal lies now, apart from this amendment.

Hon. Mr. Hugessen: It may or it may not. Probably it does. But, for what it may be worth, the subsection as amended in the full gives the private stations some measure of protection against illegal action by the C.B.C.; and speaking personally, that is as far as I am willing to go in that direction.

Hon. Norman P. Lambert: Honourable senators, this amendment and the discussion which has arisen from it can be traced, I think, to questions in the committee which I addressed to Mr. Dunton with reference to subsection (6). The matter was soon taken out of my hands by the distinguished legal representatives on the committee, but I did have the satisfaction of asking, for my information, a few ordinary questions which brought about this result. In relation to the following—

In case of any alleged violation or non-observance by a private station of the regulations made by the Corporation under this section . . .

—I asked Mr. Dunton if he could suggest even a hypothetical case involving such a violation, and he was unable to do so. I believe he said there had never been a case where it had been found necessary to take such action. I think the explanation given by the honourable leader (Hon. Mr. Robertson), and the discussion which has taken place today, has merely served to emphasize the uselessness of this whole section.

The honourable gentleman from Inkerman (Hon. Mr. Hugessen) introduced an entirely new note when he intimated that he was apprehensive of what private stations might say or do about the C.B.C. I have never heard of any attack being made on the C.B.C. by a private station. It is true that a case was put up by the Canadian Association of Broadcasters before the Massey Commission, and that there was a minority report by Mr. Surveyer of Montreal on this whole question. I should not like to think, though, that this section has been inserted in the Act simply to take care of that possibility. I should prefer to see the whole section deleted rather than left in its present form.

Some Hon. Senators: Question.

The amendment was negatived on the following division:— Contents, 10; Non-Contents, 18.

THIRD READING

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

Hon. Mr. Robertson: With leave of the Senate, now.

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

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Thursday, December 20, 1951

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Wishart McL. Robertson: Honourable senators, I do not know when we may expect to receive any legislation from the other house. I have no information that—to use a phrase from one of our rules—is "not held in common with the rest of the Canadian subjects of the Crown". So far as I am aware, the only person who has any knowledge at all of what may happen in the House of Commons is my honourable friend the leader of the opposition (Hon. Mr. Haig), and he has not let me into his confidence on the matter. All I can do now is to suggest that the Senate adjourn during pleasure, to reassemble at the call of the bell, at 4 o'clock. In the meantime I shall gather as much information as I can, and perhaps those who are in a better position than I am to ascertain what is likely to be done in the other house may enlighten us when we resume.

Hon. Mr. Haig: Honourable senators, and the leader of the government has suggested that I have some inside information. I wish I had, for I would be quite willing to tell what it was. Unfortunately I have none at all. The only thing I know is that I personally intend to take a train for Winnipeg tonight. Christmas comes but once a year, and I am going home to spend it with my wife, my children and my grandchildren.

Some Hon. Senators: Hear, hear.

Hon. Mr. Gouin: Best wishes.

Hon. Mr. Haig: I do not intend to return to Ottawa in December at all, but if the Senate meets in January I shall be here.

Hon. Mr. Paterson: Why not move that this house adjourn till the 3rd of January?

The Senate adjourned during pleasure.

At 4.15 the sitting was resumed.

Hon. Mr. Robertson: Honourable senators, I have no more information now than I had this morning as to when the legislation before the other place will be completed; but I am in a position to say that tomorrow there will be a Royal Assent to at least those bills which have already been passed by both houses. The Royal Assent will be given as early as possible, and under these circumstances I move that when this house adjourns today it do stand adjourned until 11 o'clock tomorrow morning.

The motion was agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Friday, December 21, 1951

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

THE ROYAL ASSENT

The Hon. the Speaker informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 12.30 p.m., for the purpose of giving the Royal Assent to certain bills.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, there being no business before the house I move that we adjourn during pleasure, to reassemble at the call of the bell, at approximately 12.25 p.m.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following bills:

An Act to implement the International Convention for the Regulation of Whaling.

An Act to implement the agreement between the parties to the North Atlantic Treaty regarding the status of their forces, signed on the nineteenth day of June, 1951.

An Act respecting the surveys of public lands of Canada.

An Act to amend the Bills of Exchange Act.

An Act to approve the Financial Agreement between Canada and the United Kingdom, signed on the twenty-ninth day of June, 1951.

An Act to amend the Judges Act, 1946.

An Act to provide for Old Age Security.

An Act to amend the Pension Act.

An Act to amend the Canadian National-Canadian Pacific Act, 1933.

An Act to amend the Maritime Freight Rates Act.

An Act to amend an Act to amend the Canada-United States of America Tax Convention Act, 1943, and the Canada-United States of America Tax Convention Act, 1944.

An Act to amend the Supreme Court Act.

An Act to amend the Exchequer Court Act.

An Act to amend an Act respecting the Revised Statutes of Canada.

An Act to amend the Public Printing and Stationery Act.

An Act respecting the Canadian Forces.

An Act respecting the General Synod of the Church of England in Canada.

An Act respecting the General Synod of the Church of England in Canada and the Missionary Society of the Church of England in Canada.

An Act to incorporate the Evangelical Mennonite Brethren of Canada.

An Act to incorporate the Sisters of Charity of the House of Providence.

An Act respecting the Toronto Harbour Commissioners.

An Act to amend the Railway Act.

An Act respecting construction of works for the generation of electrical power in the International Rapids section of the St. Lawrence River.

An Act to establish the St. Lawrence Seaway Authority.

An Act to amend the North Fraser Harbour Commissioners Act.

An Act to provide for the Financial Administration of the Government of Canada, the audit of the public accounts and the financial control of Crown Corporations.

An Act to amend the Dominion Elections Act, 1938, and to change its title to the Canada Elections Act.

An Act respecting the National Gallery of Canada.

An Act to amend the Civil Service Act.

An Act to provide for short-term credit to grain producers in the Prairie Provinces to meet temporary financial difficulties arising from inability to complete harvesting operations or to make delivery of grain.

An Act to authorize the provision of moneys to meet certain commitments for new equipment incurred by the Canadian National Railways System during the calendar year 1951, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

An Act to amend the Canadian Broadcasting Act, 1936.

An Act to provide for the establishment of an Agricultural Products Board.

The sitting of the Senate was resumed.

Hon. Mr. Hugessen: Honourable senators, I move that this house do now adjourn, to reassemble, at the call of the bell, at 3.30 o'clock this afternoon.

The Senate adjourned during pleasure.

At 3.30 p.m., the sitting was resmed.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, I have just had an opportunity to ascertain from the Prime Minister that his best judgment is that there is no possibility of the other house getting through with the legislation tomorrow early enough to give the Senate time to consider it and to have prorogation tomorrow, and that in his opinion an adjournment until Monday would be too close to Christmas. Therefore I move that when this house adjourns today it stand adjourned until Thursday, December 27, at 8 o'clock in the evening.

Might I add that arrangements would be facilitated if honourable members before leaving would give the Assistant Whip (Hon. Mr. Taylor) an idea whether it will suit their convenience to be here on Thursday next. In the meantime I shall communicate with other senators who might reasonably be expected to be able to come here on that day.

The motion was agreed to.

The Senate adjourned until Thursday, December 27, at 8 p.m.

THE SENATE

Thursday, December 27, 1951

The Senate met at 8.30 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators are already aware, progress made in the other house is not sufficient to indicate that any legislation will be immediately forthcoming. In the circumstances I have no alternative but to ask the house to adjourn until tomorrow. Although it is unlikely that we shall have any legislation to consider before 3 o'clock, honourable senators will perhaps not be inconvenienced if we assemble at 11 a.m., when, if there is nothing before us, we can adjourn until later in the day.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Friday, December 28, 1951

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators are probably aware as I am that no particular progress has been made in the other place towards the conclusion of the session's legislation. I therefore move that this house adjourn during pleasure, to re-assemble at the call of the bell at approximately 3.30.

The Senate adjourned during pleasure.

At 3.30 p.m., the sitting was resumed.

Hon. Mr. Robertson: Honourable senators, while any speculation on our future business involves a certain amount of crystal gazing, I have come to the conclusion that the prospects of getting through tomorrow are fairly good, and I would move that when this house adjourns today it stand adjourned until 11 o'clock tomorrow morning.

The motion was agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Saturday, December 29, 1951

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

COMBINES INVESTIGATION BILL

FIRST READING

A message was received from the House of Commons with Bill 36, an Act to amend The Combines Investigation Act.

The bill was read the first time.

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of the bill.

He said: Honourable senators, for a considerable time now the question of the cost of living and the price level has been uppermost in the minds of the public of Canada.

During the period of the war a system of price controls and subsidies kept the cost of living down to a relatively low level, which in itself was a subject of constant comment as it presented such a marked contrast to the level during World War I. In the period since the termination of hostilities, and accompanying the gradual removal of price controls and subsidies, the steadily increasing cost of living index has also been the subject of public comment and concern. There was a difference of opinion at the time as to how rapidly wartime controls should be removed, but there was general agreement that the best way to control prices was through the agency of competition, under our system of private competitive enterprise.

In September 1945 the cost of living index stood at approximately 120. By September 1, 1946 it had increased to 126; by September 1947, to 139, and by September 1948, to 159. It is now about 190. Up to the moment, at least, it must be admitted that private competitive enterprise has not accomplished much in retarding the rise in the cost of living.

It was inevitable that this steady increase in the cost of living, as contrasted with the cost of living during the war, should be the subject of great concern throughout the country. This was reflected in parliament, and on February 10, 1948, the House of Commons by resolution set up a select committee to inquire into the question of the cost of living. On June 28 of that year the House of Commons concurred in the committee's report that a Royal Commission be appointed, under the Inquiries Act, to continue the work initiated by the committee. On July 8 the Royal Commission on Prices —the Curtis Commission—was appointed, and on March 18, 1949, the commission issued its report, which was published in three volumes and was most comprehensive in nature.

The commission conducted a most extensive inquiry into all phases of the question and into the reasons for the increase in the cost of living and the price index, both domestic and international. There were 77 public hearings, and 179 witnesses were heard. The conclusions of the commission covered a wide range of subjects, and included special reference to the subject-matter of the bill now before us.

On page 41 of Volume 1 of the report of the Royal Commission on Prices there was the following specific recommendation:

> Resale price maintenance. Throughout our inquiry we have been impressed by the degree to which individual manufacturers fix the resale prices of their products, and so narrow the area in which price competition amongst wholesalers and retailers is operative.
>
> In view of the extension of this practice we recommend that the Combines Investigation Commission give careful study to this problem with a view to devising measures to deal with it.

On the last page of Volume II, under the heading "Summary Conclusions" the commission said, in part:

> On the question of resale price maintenance a recommendation appears in Volume I. We conclude that the advantages to the public claimed for this practice are greatly outweighed by the disadvantages. Resale price maintenance, like other forms of restrictive practices, does offer what appears to the manufacturer and distributor, a happy relief from the unending struggle against the harsh correctives of the free market system. But the solution, we think, is illusory.
>
> It not only vitiates the spirit of enterprise by which all commercial and industrial life is nourished; it deprives the consumer of his right to seek out and patronize the more efficient distributors, namely, those who over a period of time can offer goods for sale at prices lower than their competitors.

At page 28, Volume I, of the report of the Royal Commission on Prices reference was also made to the question of external competition, as follows:

> Where Canadian industries have only a few producers and where alternative sources of domestic supply are therefore limited, there exists a considerable danger that the free entry of new businesses into the field will also be limited. Under such circumstances, a policy of selling only to recognized customers can have a limiting effect. In view of this we would favour the extension of the principle of lifting dumping duties or reducing the customs tariff where domestic suppliers do not treat

purchasers on equal terms and where alternative import sources of supply would lessen the danger of monopolistic growth.

On June 27, 1950 the government appointed the MacQuarrie Committee to study combines legislation. While it was asked to inquire into various matters concerning the general subject of combines legislation, the specific question of resale price maintenance was part of the problem. In the letters and notices sent out by the committee to interested persons, attention was specifically directed to the question of resale price maintenance, and also to the recommendations and comments contained in the various volumes of the report of the Royal Commission on Prices.

This committee submitted an interim report as of October 1, 1951. At page 21 of that interim report, the committee expressed itself on the question of resale price maintenance as follows:

> The committee has studied resale price maintenance in the light of the two standards of judgment originally set up, namely, the desirability of a free economy and the need for economic efficiency. This study has led the committee to the general conclusion that resale price maintenance, on the growing scale now practised, is not justified by either of these standards. It represents a real and undesirable restriction on competition by private agreement or "law" and its general tendency is to discourage economic efficiency. That is why, in our opinion, the prescription and the enforcement of minimum resale prices must be viewed as manifestations of a restrictive or monopolistic practice which does not promote general welfare.

The Speech from the Throne at the opening of parliament foreshadowed legislation in connection with this matter. When the session opened, the report of the MacQuarrie Committee, together with a draft bill containing what in the opinion of the Department of Justice would be necessary if the joint committee felt that it should report favourably on the recommendations contained in the report, were referred to a joint committee of the Senate and the House of Commons. This committee reported to the two houses of parliament; a bill was presented to the House of Commons and passed; and now, in the ordinary course of procedure, it has reached us.

The circumstances surrounding the arrival here of this legislation as has so often been the case in the past do not contribute to or facilitate the detailed consideration we would like to give it. I am bound however to point out two things in connection with this phase of the question. The first is that, with the possible exception of the old age security legislation, no measure that has reached us in recent years, certainly since I have been government leader, has been so thoroughly considered within and without parliament as this has been—first, by a select committee of the House of Commons, in 1948; by two committees of inquiry, extending through 1949, 1950 and 1951; by a joint committee of the Senate and the House of Commons, in recent weeks; and then by the House of Commons. In the light of these facts, and since honourable members of this house have closely followed these discussions, I have no doubt that every senator has even now arrived at pretty definite conclusions. Nevertheless, despite these facts, I as government leader will welcome and facilitate whatever additional consideration this house may wish to give to this important question, because, in the final analysis, it is through our action that parliament decides whether or not it approves of the underlying principle of resale price maintenance.

In common with other members of this house I have endeavoured to keep abreast of relevant discussion. I have studied the recommendations of the two committees of inquiry. I have sought, perhaps not ineffectually, to wade through the briefs and the mass of statistics presented to the joint committee, as well as the arguments and counter-arguments in the House of Commons. I have been inundated with telegrams and letters from those who are concerned lest anything be done to interfere with the growing practice of retail price maintenance.

I have noticed with the greatest interest the argument that, since manufacturers enjoy the benefits of tariff protection limiting competition from without our borders, and the agricultural community have succeeded in having minimum prices for their products established by parliament, the distributing trades, and particularly retailers, should be permitted to enjoy the protection from competition which retail price maintenance might reasonably be expected to afford. As one who spent his whole business life as a retailer I am bound to admit that when the argument for retail price maintenance is put on that basis it is in logic difficult for me to resist it. In effect its advocates say this: "Private competitive enterprise has disappeared as far as whole segments of our economy are concerned: why should the retailing section of our conomic system alone be singled out to withstand the merciless winds of competition? Just as manufacturers, organized labour and agriculture have succeeded in limiting competition, we retailers should have the same right; parliament should not interfere with our plans".

I find it very difficult, honourable senators, to escape one conclusion, and that is that many of those engaged in the business of producing and distributing in this country have one great ambition in common, and that is a desire to escape from or minimize

the possibilities of present and future competition. I am not sure what our particular economy would be if we were successful in accomplishing a non-competitive society; but one thing I know, and that is that we would have to stop orating about the benefits of private competitive enterprise. Having decided that everybody and everything should enjoy the benefit of minimum prices and returns, it would remain for us only to determine how the state could best control maximum prices as a permanent part of our economy. When that was done the difference between ours and a socialistic state would be barely recognizable.

The plain truth about our present situation is that business and agriculture generally in Canada are leading a campaign, perhaps unconsciously, to change our economic system into a government-controlled economy, Business, agriculture and organized labour, each in its own way, has enjoyed in the past ten years a degree of prosperity such as it had never contemplated in its wildest dreams. In the main that prosperity still continues; but fearful that the end may be just around the corner, each in its own way is seeking to establish floors under its existing prosperity. By so doing they all hope to secure—in terms of the report of the Curtis Commission and I quote—"A happy release from the unending struggle against the harsh correctives of the free market system."

Those of us who were in business between World War I and World War II can appreciate this viewpoint; but if we give up our free market system, it will be replaced by something not much to our liking. Our actions in protecting business and its employees—by tariffs and so forth—from competition from external sources, or in protecting agriculture —by tariffs and floor prices—from competition from without or within, all conspire to place an additional burden upon the consumer, no matter how sugar-coated the pill may be. We are now asked by opponents of this bill to facilitate the continuance of a system of limiting competition in the distributing trades; it, too, to add another burden on the consumers' backs. Is it reasonable to assume that those overburdened consumers will not at some time strike back from sheer desperation, and demand from this government or some other government direct action through government controls to prevent this "ganging-up" on them that has become such a large part of our economic system? Let there be no doubt on this score, that to legalize retail price maintenance would place an additional burden on the consumer. Some of the advocates of retail price maintenance in the other place are now making a curious point that, after all, it affects only 15 per cent of the total retail trade, and since it took fifty years to reach this level it would be centuries before all retail trade was conducted on this basis.

My whole business life prior to my becoming a member of the government was in a branch of the automotive retailing trade that did not enjoy retail price maintenance, and my answer to that line of argument is that it is my belief that retail price maintenance, if legalized under existing circumstances, would spread like a prairie fire. And why should it not? If the practice is beneficial to the 15 per cent presently engaging in it—and it appears to be—and if, as its advocates say, it is not harmful to the consumer, why should the remaining 85 per cent of the retail trade not adopt the practice overnight? Certainly if this parliament put its stamp of approval on the practice, the first thing I would do, if I were going back to my old business would be to urge the company which I represented to take up with their automobile manufacturers the question of our adopting retail price maintenance. I would do so for two reasons. The first is that I would be relieved of the fear that my competitor was reducing his price either by cash discounts or increased trade-in allowances, and secondly, I would hope that the manufacturer, in setting the selling price to the public, would enable me to enjoy the higher discounts that retailers who engage in retail price maintenance are presently enjoying. When I was in the retailing business, our dealer discounts were about 23 per cent from the list or selling price. A car that I offered for sale for $2,000, taxes and freight paid, cost me $1,540. The $460 gross profit represented 23 per cent of the $2,000 list or selling price. In reading the Curtis Report I find that the discounts of the dealers in businesses enjoying retail price maintenance have been increasing. One case cited indicated an increase of from 25 per cent to 37½ per cent; some others showed increases up to 40 per cent. Documents filed with the special committee give countless instances of increases of from 33⅓ per cent to 38 per cent. Assuming, then, that justice was done to automobile dealers as compared with household appliance or drug dealers, and they were allowed 33⅓ per cent instead of 23 per cent, the selling price to the public of my $2,000 car would have to be $2,310. And remember, the volume of the automotive trade is five times that of household electrical appliances. Let there be no mistake: retail price maintenance, if legalized, will spread rapidly, and it will affect the consumer. But actually that is not my main argument. If manufacturers, organized labour and agriculture are, in their own interests, to be permitted to fleece the consumer, I know of no particular reason why the retailer should not

be permitted to do so as well. My chief concern is that none of us should be unwittingly led down the garden path to a fate that we would not care to contemplate.

It is interesting to speculate on why agriculture and the retailing part of our distributing system in particular, hitherto the corner-stones of the private competitive system, should seek to discard that system in favour of another which in essence is a controlled economy. I do not think there is any doubt that the protective tariff in all its ramifications is the basic reason why we have swung so far away from our system of competitive enterprise; and some wish to go even further. Through tariffs and the like, manufacturers and a large section of organized labour have secured protection from certain competition; but while they were receiving this protection, no governmental action was taken to control their maximum prices. Now business generally seeks to emulate their example. Since this is so, it was perhaps not unnatural that agriculture, long a cornerstone of free enterprise, should have given up the struggle, thrown in the sponge, and pinned its faith and hopes to minimum prices and now the retailer demands the same consideration.

What, then, shall we in this house do, honourable senators? I think that, in the light of the circumstances, we should pass this legislation making retail price maintenance illegal, but at the same time point out to the retailer that even if he got the privilege of restricting competition it would be of doubtful value, since it would almost certainly be followed sooner or later by governmental action to set his maximum prices and to control his margins. We should remind him of the government's definite assurance that if the small retailer should become the victim of predatory competition by large retailers it is ready to co-operate fully with the law enforcement officers of the province in the vigorous enforcement of section 498A of the Criminal Code whenever it becomes evident that the practices forbidden by that section are being engaged in. The government further agrees to give close and continuous attention to the effects of the legislation now being considered by this house, and to any practices which may develop, either as a result of the legislation or independently of it, and which are contrary to the public interest. Should such practices develop, the government will consider what other legislative action may be appropriate.

To any retailers who are envious of the good fortune of agriculture in having had floor prices established, we might point out that even this can become a double-edged sword. Only recently evidence was given before one of our standing committees that while the butter producers secured minimum prices through price supports, they found that their maximum prices were subject to a novel but very effective type of control. In recent months the government imported from Europe ten million pounds of butter, which it is holding for the purpose of controlling any undue rise in the price of butter. That is a very simple form of control but, as I have said, it is also a very effective one. I have no doubt that it may be applied elsewhere, if and when it is deemed expedient in the public interest.

There still remains one segment of our economy which has enjoyed certain freedom from competition from external sources, with no corresponding control as to what its maximum prices should be. I personally have long held the view that something should be done about it, and so have no difficulty in finding myself in agreement with that part of the Curtis report which states:

> We would favour the extension of the principle of lifting dumping duties or reducing the customs tariff . . . where alternative import sources of supply would lessen the danger of monopolistic growth.

All things considered, honourable senators, I think we should stick to private competitive enterprise, despite all its faults, and support the principle of this bill. This government, urged to impose direct controls as a method of curbing inflation, has decided that that would not successfully accomplish the purpose. It has adopted temporary restrictions through financial controls and credit controls. I repeat that of necessity these controls are temporary. The government pins its faith to the old and tried system of competition, which has built up this country; but it must be a system of real competition, not one which, though we boast of it from the house-tops, is known by us to be so weakened by various methods as in fact to be no longer competition at all.

Honourable senators, I suggest that it is the duty of this house and of all people who believe in our system of private competitive enterprise to do everything possible to enable real competition to function effectively in helping to solve the problems of inflation and the rising cost of living, which problems may endanger not only our own country but the whole western world.

Hon. Arthur Marcotte: Honourable senators, I am the "lone wolf" of my party here today. Perhaps my rising to speak after the very fine address which we have just heard from the government leader may be taken as indicating that for the time being I am speaking

for the official opposition. I am not. I am the plain senator from Ponteix, speaking in my own name, and what I say will be an expression of nothing but my own views. I freely admit and I do so in clear conscience, that I support the bill, because I believe in freedom of trade and freedom of action by individuals. I do not like government control over anything, unless it be unavoidable. The leader has suggested that the measure before us is a temporary one, which will have to be judged by its results and which may, as time goes on, be amended as deemed necessary. In these circumstances I am in favour of the bill.

I do, however, wish to raise a side issue. As you know, I have always been opposed to the establishment of a joint committee of members of both houses for the consideration of a controversial matter. I have never liked that procedure, and I do not suppose that I am going to change my opinion on this before I die. This Senate, this body of which we are so proud, was created for what purpose? Chiefly to consider and, as deemed wise in the particular circumstances, to amend or reject or approve what has been done by the other house. At least, that is my way of interpreting the function of the Senate. That is why, although I did not say so at the time, I was opposed to the appointment at this session on the Joint Committee on Combines Legislation. In the last two days I have read the committee's report and proceedings, and I was glad to find that the senators appointed to the committee were good representatives of this house and did their work well. There is sitting opposite me at the moment an honourable gentleman who took a very important part in the committee's work (Hon. Mr. Lambert). But the committee was composed of 24 members of the House of Commons and only 12 senators. Why was there this disparity between the two houses? If we are to have a joint committee, why is each house not equally represented on it? That is what I should like to know. I say that senators should not submit to being a minority on a joint commitee.

Furthermore, in reading over the committee's proceedings, I find that senators were sometimes not treated as they should have been. I observed that in one instance my honourable friend from Huron-Perth (Hon. Mr. Golding) made a statement to the committee chairman, and no attention at all was paid to it. In fact, the senator apparently was treated much as if he had been a school boy interfering in the committee's work. If the Senate is to continue to participate in joint committees, the members of this house should at least be treated as senators and not as messenger boys for the House of Commons.

I have no mandate to speak for this side of the house on the question now before us. I was requested by my leader to be here on December 27th. I was here on that date, and again on the 28th, and I am now here on the 29th, attending the house with the regularity that I have practiced for twenty years.

Some Hon. Senators: Hear, hear.

Hon. Mr. Marcotte: Upon accepting the honour of appointment as a senator, I was commanded to be here, "all difficulties and excuses whatsoever laying aside", and since then I have attended every day that I was physically able to be here. I am not the only one who takes his responsibilities to the Senate seriously, and I congratulate the honourable senators in attendance today. I recall that once when I was on a train I received a telegram to return to Ottawa in order that the house might have a quorum. Fortunately, there is no such problem today.

I was not able to follow the explanation which the leader of the government gave of the legislation before us, for I am not an economist and I do not possess the commercial knowledge necessary to grasp the intricacies of the subject. I have, however, read the evidence taken, and I hold certain views as to how a problem of this nature should be handled. It is my opinion that the Senate, which is a non-political body, is the best place in which to give consideration to such a contentious matter. The subject now before us could well receive the same full consideration in one of our committee as was given to the Railway Act and the Income Tax Act. If the legislation before the house does not work out, I suggest that next time such a measure should be considered dispassionately by a committee of this house; in that way the Senate would be performing in regard to legislation the functions for which it was created, namely, to revise, to amend, to reject, and if workable, to approve.

Hon. L. M. Gouin: Honourable senators, I shall try to be as brief as possible. However, I believe that even those who differ most strongly with my views on the question before us will agree that I have the right to express freely my opinion and to discuss the principle of this very important measure.

The leader on this side, in his interesting and eloquent remarks, spoke of the question of legalizing price maintenance. I wish to put very clearly before the house the fact that the present question is the outlawing of price maintenance, which in itself is perfectly legal at the present time, and is

a custom of trade which has become sanctified not only by long usage but also by well established jurisprudence, particularly in my own province of Quebec.

To understand the changes which will result from the legislation which we are now considering, I think it is necessary for me to summarize the origin of our laws against combines.

In 1889, honourable senators, by a statute known as 52 Victoria, Chapter 41, the Canadian Parliament enacted for the first time that it was a misdemeanour to combine to unduly prevent or lessen competition. These original provisions were reproduced in the Criminal Code of 1892, section 520. The provisions concerning combines are now found at sections 496-7-8 of the Criminal Code as revised in 1906. I would add at once that in 1935 section 498A was added to cover unfair practices such, for instance, as discriminatory rebates.

The first Combines Investigation Act dates back to 1910, 9-10 Edward VII, Chapter 9. As honourable senators know, in 1919 two new Acts were adopted; firstly, the Board of Commerce Act, 9-10 George V, Chapter 37, which created a court of record for the investigation of combines; and secondly, the Combines and Fair Prices Act of 1919, Chapter 45, which was intended to regulate profits on necessaries of life, such as food, clothing and fuel.

These two measures enacted in 1919 gave to the Commissioner of the Board of Commerce wide powers; powers so wide, honourable gentlemen, that in 1922 both Acts were declared *ultra vires* by the Privy Council. (Board of Commerce Act 1919 (1922), 1 A.C. at 191).

I would at once point out that the constitutionality of the present bill also is open to serious doubt for the reason that it too encroaches upon property and civil rights. I am not the only one who entertains this opinion, and I regret that the question of the validity of the bill has not been submitted to the Supreme Court of Canada. It is very clear that it will be contested by means of a test case before the courts in the near future, if and when it is adopted.

Let us for a brief moment return to the two Acts adopted in 1919 and declared by the Privy Council in 1922 to be unconstitutional. In 1923 these two measures were repealed and a new Combines Investigation Act was adopted, 13-14 George V, chapter 9. As revised, that Act is found in the Revised Statutes of Canada (1927), chapter 26. It was again amended in 1935, 1937, 1946, 1949 and 1950.

I wish to add at once that the Privy Council has upheld the validity of the Combines Investigation Act in its present form—that is, without the amendment now submitted to us —in case of Proprietary Articles Trade Association *versus* Attorney-General (1931) A.C., 310.

The bill before us, honourable gentlemen, differs fundamentally from the legislation which was upheld by the Privy Council. I shall now try within a minute or two to sum up our jurisprudence, in order to show that the essential characteristic of an illegal combine is that it operates to the detriment of the public,—a condition which, under the terms of the present bill, is no longer requisite. Here is the summarized definition, given by the Privy Council in the Proprietary Articles case:

> "Combine" as defined by section 2, that is, shortly stated, a combine which is to the detriment of the public and restrains or injures trade or commerce.

That quotation, which is absolutely vital to my argument, occurs in the decision of the court which was then the highest tribunal to which our cases could be appealed. The characteristic of a legal combine is that it operates to the detriment of the public.

I now quote the brief corresponding definition in the Criminal Code, section 496:

> A conspiracy in restraint of trade is an agreement between two or more persons to do or procure to be done any unlawful act in restraint of trade.

Again, in section 498 of the Criminal Code certain combines or agreements in restraint of trade are declared to be indictable offences when such agreements, for instance: (a) unduly limit the facilities for dealing in any article or commodity which may be a subject of trade or commerce; or (b) restrain or injure trade or commerce in relation to any such article or commodity; or (c) unduly prevent or lessen the manufacture or production of any such article or commodity, or unreasonably enhance the price thereof; or (d) unduly prevent or lessen competition; and so on.

I call to your attention the words "unduly" and "unreasonably' injure or prevent or lessen. The basic idea is that such a combine is illegal because it is detrimental to the public interest. Under our Combines Investigation Act an agreement or combine in restraint of trade is condemned only when it thus operates or is likely to operate to the detriment of the public interest. Under our Criminal Code such acts constitute offences only when they unduly limit the distribution or production of an aricle or unreasonably enhance the price of any commodity. Therefore, under our Criminal Code an agreement in restraint of trade is not in

itself criminal; it becomes a criminal offence only if competition is thereby diminished unduly or unreasonably.

Now, let it be noted that the amendment now before us abandons completely the principle so clearly embodied in our existing legislation. A combination or combine among various producers or retailers is an offence only if such "horizontal combine"—to use the expression currently employed—operates or is likely to operate to the detriment or against the interest of the public. On the contrary—and this, I submit, is quite illogical—in the case of any agreement or so-called "vertical combine" between a producer and any other person to sell such producer's articles at a so-called fixed or maintained price, such a vertical combine is illegal *ipso facto*. In the bill before us, clause 1, such vertical combine is declared to be illegal even though it is not shown to be in the least detrimental to the public. I submit that this is most illogical, and that it is contrary to the principles affirmed by our jurisprudence thus to discriminate against those who follow a practice which has become a well-established tradition, or custom of trade, sanctioned by our courts.

To support my contention, may I refer very briefly to a few typical cases. I am not trying in any way to be legalistic about this question. I want to lay before this house principles of justice and of common sense which form the basis of our liberal economy; principles which are as sound economically as they are well-recognized legally.

There is the American Tobacco case, which was decided in 1897 by Mr. Justice Dugas and is reported in 3 Rev. de Jur., 453. The trial judge was called upon to examine the validity of an agreement of the company with jobbers to sell at fixed prices and to sell only to retail dealers. He declared that this agreement was valid, since "the acts complained of in this case were only acts of ordinary business competition asserted by a manufacturer in disposing of his property as he saw fit."

Evidently, honourable gentlemen, the judge had in mind the provisions which are embodied in our own Civil Code, article 406:

> Ownership is the right of enjoying and disposing of things in the most absolute manner, provided that no use be made of them which is prohibited by law or by regulations.

That is to say, any manufacturer or dealer, as owner of certain articles, enjoys the right to sell or not to sell such articles.

In other words, any manufacturer or dealer, as owner of certain articles, may sell or not sell such articles because, according to the principle embodied in section 407 of the Civil Code, no one can be compelled to give up his property. Any owner may dispose of what belongs to him in the most absolute manner; he may sell conditionally or unconditionally. Under our civil law there is nothing illegal in the condition stipulated by the vendor that a purchaser shall resell only at a certain price. Conditions are illegal only when they contravene section 13 of our Civil Code, which reads:

> No one can by private agreement, validly contravene the laws of public order and good morals.

Honourable senators, I come now to the case decided by Justice Pagnuelo in 1904, *Wampole v. Lyons,* (1904) 25 Que. S.C. 390, and I quote:

> That an agreement between a manufacturer and a retailer that the latter would sell at a fixed price was not illegal, or in restraint of trade, or contrary to public policy, provided the manufacturer had an interest in making the contract.

In 1909, a case originating before the courts of Quebec, *United Shoe v. Brunet,* (1909) A.C. 330, went to the Privy Council. The agreement, which was declared valid, concerned the lease of some machinery on the condition that only the plaintiff's machinery was to be used. Here it was held that there was no proof of restraint of trade.

I just wish to mention an Ontario case which is of special interest; *Rex* v. *Beckett et al,* (1910) 20—O.L.R. 40. In this case some manufacturers were selling at fixed prices and had agreed to sell only to wholesalers. The complaint was laid under section 498 of our Criminal Code. The accused was acquitted. The judge held that the proper method of distribution was from manufacturer to wholesaler, then to the retailer and then to the consumer. The judge was of opinion that if persons who belong to the wholesale trade sold at retail, such a system would injuriously affect and demoralize the trade of not only the wholesaler but also the retailer, and that the position of the consumer would be no better in the long run, and might even be worse. This will be the effect of the present bill in the opinion of several economists and of numerous people who have a practical knowledge of business conditions as they exist today.

I shall merely indicate now the volumes and pages of various judicial reports containing judgments which affirm the principle upon which I base my opposition to the present bill. Honourable senators, because detriment to the public was not shown, contracts were declared not to be illegal in the following cases involving some restrictions of trade: *McEwan v. Toronto General Trust,* 54 S.C.R. 381; *Stewart v. Thorpe,* 49 D.L.R. 194.

Honourable senators, though "pooling" is sometimes called a monopolistic restriction upon competition, pooling and marketing were upheld as not being detrimental to the public in the following cases, in re: *Growers of B. C. Ltd.*, (1925) 1 D.L.R. 871; *Rex v. Chung Chuck*, (1929) 1 D.L.R. 756; *Saskatchewan Co-operative Wheat Producers*, (1926) 3 D.L.R. 810.

In a Quebec case, *Tanguay v. Lang*, (35 R.J. 444), the Quebec Superior Court upheld the validity of the Canadian Fire Underwriters Association, a body regulating fire insurance business. Again, because there was no illegal design to eliminate competition, judgment was rendered in favour of Famous Players (1932, O.R., p. 307.)

I now mention a last case. Once upon a time in a remote place there were two moving picture houses. One of the owners agreed to close his theatre, thereby eliminating competition and creating a monopoly in favour of the other theatre. This agreement was held valid, however, because there was no injury to the public. This was the case of *Rex v. Applebaum*, (1933) O.W.N. 576.

Section 498 of the Criminal Code, and the Combines Investigation Act as it now reads, cover the same field, but the latter is somewhat wider in scope. Under both Acts the test of criminality is whether there is detriment to the public. According to Mr. Ian Wahn, even monopolistic control is not *ipso facto* conclusive as to the existence of public detriment, and here I wish to cite Mr. Wahn's interesting article, *Canadian Law of Trade Combinations*, published in the *Canadian Bar Review* of January-February, 1945.

Honourable senators, by this analysis of our jurisprudence I have tried to show that so-called vertical combines are not considered by our courts as being in themselves illegal.

Let us turn now to the MacQuarrie Report, the recommendations of which have given birth to the present bill. During our lifetime we have all read many reports. Generally these reports have set forth the facts upon which the findings are based, but in this respect the MacQuarry Report is quite different. In section 2 of the beginning of this report there is a mere reference to "private sources". But the report nowhere refers to any particular brief, even where it seems that extracts from briefs are being quoted. Nor does it refer to any definite evidence. We may assume, of course, that the commissioners have ascertained or discovered some undisclosed facts, but there is nothing factual in the opinions expressed. I submit that the commissioners defend in abstract terms a very controversial theory of economics. I must add that, as a starting point, they refer—in section 3, on page 7—to "a system of control by private law or agreement". That seems to be the corner-stone of their thought. And in paragraph 3, on page 18, which is part of chapter III, entitled "The Committee's Views", we read:

> . . . resale price maintenance establishes a private system of law allowing no appeal to the courts of justice, as it is clearly shown in the British White Paper.

The report then cites an extract from the White Paper, which is a publication of the United Kingdom Board of Trade, issued in June 1951. In a moment I shall refer to that extract, but first I wish to examine the assertion that we should prohibit and condemn the fixing of resale prices by individual suppliers because agreements to fix such prices are in the nature of a "private system of law."

I cannot speak for the other provinces, but in Quebec our whole system of civil law is based upon what we call, in French, "le principe de la liberté des conventions". In English I would describe that basic principle, the corner-stone of our Civil Code and of the Code Napoléon, as the right to contract freely, to bind oneself legally by any agreement which, as it is stated in section 13 of our Civil Code, is not contrary to "the laws of public order and good morals." This principle is consecrated in the famous legal maxim, "La convention est la loi des parties", "Any valid agreement has the force of a law governing the contracting parties."

Under the principle of "la liberté des conventions", or "freedom to contract", any manufacturer has the right to dispose in the most absolute manner of the things manufactured by him. He cannot be compelled to give up such property. Those rights are laid down in sections 406 and 407 of our Civil Code. The owner may sell his goods or he may not sell them. If he decides to sell he may make the sale subject to a condition, provided the condition be not, as section 1080 of the Civil Code puts it, "contrary to law or inconsistent with good morals." I cannot emphasize that principle of our Code too strongly, for it is upon Liberty—with a capital L—that our whole legal structure has been built. Freedom to contract is the very soul of our civil law. Our ancient writers used to speak of "la faveur de la liberté," or "the benefit of freedom." In our system of law the presumption is always in favour of freedom. Restrictions or incapacities are the exception, not the rule.

To sum up: an act is lawful unless it is prohibited either expressly or as contravening section 13 of the Civil Code, which I have already quoted.

Honourable senators, free enterprise also is based upon the same fundamental principle of "la liberté des conventions," or "freedom to contract." In certain quarters it is now assumed for the first time that vertical price fixing is an evil in itself, that it is the negation of the system of free enterprise. I submit, on the contrary, that price fixing by individual suppliers is a commercial custom sanctified by immemorial usage and that it essentially forms part of free enterprise. Of course, honourable senators, I can understand very well that all those who wish to destroy free enterprise—and among them I would include in particular the C.C.F.—favour anything which might tend to replace our liberal economy by some form of totalitarianism. Though they preach a state-controlled economy—what I should call a pink strait-jacket—these supporters of the MacQuarrie recommendations contend, as do the commissioners themselves, that the prohibition of vertical price fixing will promote free competition and economic efficiency, and that it may lower prices somewhat. But nobody has much illusion about that.

I am not a professional economist, but as a defender of our liberal economy, as a firm believer in true and sound Liberalism, as it was understood in particular by the late Sir Lomer Gouin and his fellow Liberals of the time, may I make one or two additional statements? I know that many persons, better informed and more experienced than I, share my views on this matter.

To appease the clamour for price control—without wage control, of course—the government offers as a New Year gift to Canadian consumers the bill which we are now discussing. It is presented as a contribution to the fight against the high cost of living. However, nobody believes that it could possibly have any appreciable effect in reducing the present scourge of inflation. Of course, I am opposed to any abuse of the custom of price fixing, but the outlawing of even reasonable use of that custom will destroy the commercial stability which we now enjoy. I am thinking of conditions in my own province, with which I am most familiar. Commercial stability may have some disadvantages, but it is essential to our prosperity. At any rate, I believe that no one would wish to replace it by anarchy. The banning of any use whatever of the system of retail price maintenance would reintroduce into business the principal of the survival of the fittest: the law of the jungle.

Mr. McGregor, the former Commissioner under the Combines Investigation Act, a most conscientious theorist, has the frankness—and I congratulate him upon it—to admit that the amendments proposed in this bill would eliminate the so-called inefficient distributors by reducing the number of outlets of distribution, which supposedly exceeds the number that the MacQuarrie Commission considered theoretically necessary.

To put it more plainly, one effect of the amendments based on the commission's philosophical thesis would be this: In Montreal, for instance, small groceries at the street corners would disappear—to the advantage of the chain stores, which possess the purchasing power of big business. The small druggists close to our homes would lose money, and some of them would be obliged to close their stores. How many bankruptcies there would be, Mr. McGregor does not know, nor do I. But in Montreal, in the constituencies inhabited by the middle class and by workers, proprietors of small businesses, including grocers and druggists, are most apprehensive of the result of the measure now submitted to us.

Vertical price fixing is denouced at page 8 of the interim report of the MacQuarrie Committee, which adopted the argument of the British Board of Trade that I mentioned a few moments ago. I do not know exactly the conditions that prevailed in the thirties or that prevail today in the British trade; I keep my eyes fixed on Canada.

On the question of Canadians being driven out of trade by action taken behind closed doors, and not being allowed recourse to the courts, I shall refer to a few cases which indicate the situation in our own labour world. But I first wish to quote section 497 of the Criminal Code:

> The purposes of a trade union are not, by reason merely that they are in restraint of trade, unlawful within the meaning of the last preceding section.

The last preceding section there referred to is section 496, which I have already cited, and which has to do with conspiracies to commit an unlawful act in restraint of trade.

By section 4 of the Combines Investigation Act trade unions are, and quite rightly, protected. The section reads:

> Nothing in this Act shall be construed to apply to combinations of workmen or employees for their own reasonable protection as such workmen and employees.

On the subject of labour combinations a decision was given by the Supreme Court of Canada fifty-five years ago in the case of *Perrault* v. *Gauthier*, (1897) 28 S.C.R., 241. In some stone quarries of Quebec members of a trade union refused to work with a non-union man. One non-union workman lost his job, and he was thus prevented from obtaining further employment. The Supreme Court held that he had no action for damages against members of the trade union. The

principle was again affirmed by the Supreme Court the following year, in *Hollester* v. *City of Montreal,* (1898) 29 S.C.R. 402.

Did the acts of the trade union favour a free economy or did they prevent competition from non-union men? Although they were clearly in restraint of trade, the Supreme Court held that such acts were not unlawful and were for the reasonable protection of the workmen in question.

A decision to the same effect, was given in the case of *King* v. *Day,* (1905), 17 C.C.C. 403.

The three labour cases which I have just cited show clearly that a labour combination is

> . . . in a somewhat more favourable position than an organization which is not a trade union.

That is precisely the view expressed by the Supreme Court of Canada in *Starr* v. *Chase,* (1924) 4 D.L.R., at 55:

> A trade union is not *ipso facto* criminal because its activities are in restraint of trade.

Thus, labour organizations are not considered to be either unlawful or detrimental to public interest, although many of their activities amount to what I should call legitimate restraint of trade.

I want to make quite clear that I do not in any way criticize the privilege expressly granted to trade unions. I consider that they are fully entitled to such special protection because they play an essential part in our economic and social life. Far from me is any thought of curtailing any of the rights of organized labour. But, honourable senators, all men are equal before the law. I affirm that an agreement by which a manufacturer fixes the sale price of his own goods is in itself as lawful as the collective agreement which fixes the price of labour in his own plant, recognizes that a certain scale of wages is binding upon everyone, and provides for the deduction of union dues in the closed or union shops. I insist that it is grossly unfair to discriminate against manufacturers and distributors by, in their case, outlawing practices which, although they are restraints of trade, are in the case of labour organizations legal. In the past class privileges were justly denounced and finally abolished. Equality for all was proclaimed, and we have marched on steadily towards a fuller measure of happiness and justice for all.

The question before us today, in my opinion, is: Do we want to continue to progress and to go forward to better days, or do we want to halt or even to turn backward, to suppress the right to contract freely—yes, to discard our century-old principle of liberty to contract—and to condemn, as criminal offences, long-established practices that are not detrimental to the public?

The only justification for the creation of new crimes—and we already have a formidable list of crimes—is to make illegal those acts which, though never before prohibited, are against the public interest. It would be reasonable to ask us to codemn vertical price fixing in any case where it has been proved to operate, or to be likely to operate, against public interest; but, as honourable senators know, the present bill makes price fixing by individual suppliers an offence in itself, whether or not it be established that it is to the detriment of public interest. I for one would be willing to vote in favour of a bill which would put the so-called vertical combines upon exactly the same footing as the so-called horizontal combines.

At this stage of the session it would be useless for me to move any amendment. I remain convinced, however, that sooner or later, when experience has shown the effect of the present bill, it will be necessary to amend it somewhat along the following lines, namely, by the insertion on page 2, after line 22, of the following as subsection (4) of section 37A:

> (4) Subsections (2) and (3) shall be construed to apply to agreements, threats, promises, refusals or other means made or used by any dealer for his reasonable protection and that of the goodwill resulting from any article or commodity manufactured, supplied or sold by such dealer only if any such agreement, threat, promise, refusal or other means has operated or is likely to operate to the detriment or against the interests of the public, whether consumers, producers or others.

The suggestion which I have just made is exactly on the lines of section 2 of the Combines Investigation Act, relating to the horizontal type of combine. It is a very dangerous course to condemn practices which are not against the public interest, or to make a crime of a commercial custom merely because it is opposed to the opinions of some commissioners or other officers. I do not want to exaggerate, but it seems to me that we may be thereby committing ourselves to a course which could ultimately lead to a revival in modified form of the Star Chamber. That court, until its abolition in 1640, heard all cases of conspiracy in England. The jurisprudence of the Star Chamber is classically described as "a loose variety of criminal equity." I invite honourable senators to meditate on the following sentence from Professor Kenny's *Criminal Law,* 13 th edition, page 29, with reference to the Star Chamber:

> The interpretation placed by judges on the purpose of the combinations made it possible for judges to treat all combinations to effect any purpose

which happened to be distasteful to them as indictable crimes by declaring the purposes to be unlawful.

I am afraid that the present bill is a reactionary step.

One additional criticism which I would make before resuming my seat is that the bill does not enact any protection against the practice of "loss leaders". I am well aware that some representatives of big business are in favour of the bill. They have nothing to fear from the "loss leader"; on the contrary, they occasionally use this device, which consists of selling an article below cost for the purpose of enticing customers to their stores. The provisions contained in section 498A of the Criminal Code, and to which our leader referred, cover some kinds of "loss leaders", but I submit there are thousands of other cases which under the provisions of that section are not prohibited.

It is all very well to tell us that some remedial legislation will be enacted at a later date if it should be then considered necessary. I fear that by that time great harm will have been done. While I do not speak as the representative of any interest, I may say that a number of small merchants in Montreal have told me that they are alarmed at this legislation. Certain druggists conducting businesses of average importance have said that they are in a state approaching panic. About twenty years ago I appeared on their behalf before the legislature of Quebec. At that time, it is true, business in the drug stores of Montreal was at about its lowest ebb. These people are now in a much better position to stand on their own feet, but their position remains vulnerable in the face of legislation such as this. It should also be pointed out that the majority of the population are very glad to have a drug store located close to their homes. It may be argued that from an economic standpoint Montreal would be better off if its needs were served by no more than, perhaps, ten drug stores. But would that really be in the public interest? I say no. Not only druggists and corner grocers are affected, but all those whose prosperity is dependent upon them. I accept the opinions of these people, who know their business and who are honest and reliable. I attach the greatest importance to their views and I sympathize with their anxiety. They are not theorists; they have the practical experience and knowledge, which count with me much more than anything else.

The legislation before us aims at applying some abstract principle instead of trying in a practical manner to correct abuses when, and only when, their existence is proved to the satisfaction of our courts. Instead of seeking to prohibit only such abuses, the bill attempts to destroy freedom to contract. I repeat that I am as anxious as anybody in another place can be to correct abuses and to remove anything which may be detrimental to the public interest. The present bill, however, is a blanket condemnation of any kind of price maintenance in the face of experience that such price maintenance gives stability to our economy.

I have read again our jurisprudence and I have studied the entire proceedings—some 900 pages—of the Joint Committee on Combines Legislation. I have also studied a number of articles in the various law reports. As a law student I was interested in so-called trade combinations, and later the thesis that I submitted for my degree of Doctor of Laws dealt with the right to strike and the right to organize. All the principles that I have professed since 1919 are opposed to the kind of legislation now before us. And though the practice of resale price maintenance may have become distasteful or obnoxious to the former commissioner, Mr. McGregor, I find it strange that during his tenure of office he never, to the best of my knowledge, did anything to have the practice banned.

Honourable senators, I for one do not intend to vote in favour of legislation merely to follow the dictates of anyone else, however well-meaning and conscientious he may be. If we adopt this measure we may one day be faced with "a loose variety of criminal equity", somewhat akin to the jurisprudence of the Star Chamber. As a Liberal I am obliged to make my own judgment, and to base it on facts as well as on principles. I consider that the legislation submitted to us is contrary to the political and economic creed which I have always defended, and I want to preserve what we still have of our liberal economy in this country.

Some Hon. Senators: Hear, hear.

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

THIRD READING

Hon. Mr. Robertson moved the third reading of the bill.

Hon. Mr. Paterson: Honourable senators, I take this opportunity of protesting against this bill and registering my objections to it.

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

ADJOURNMENT

Hon. Mr. Robertson: Honourable senators, I move that the house adjourn during pleasure, to reassemble, at the call of the bell at approximately 3 o'clock.

The motion was agreed to, and the Senate adjourned during pleasure.

At 3 p.m. the sitting was resumed.

PROROGATION OF PARLIAMENT

The Hon. the Speaker informed the Senate that he had received a communication from the Assistant Secretary to the Governor General acquainting him that the Right Honourable Thibaudeau Rinfret, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber today, at 7 p.m., for the purpose of proroguing the present session of parliament.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. Robertson: Honourable senators, discussion in the other house so far today has been on the resolution to approve the admission of Greece and Turkey into the North Atlantic Treaty Organization. I am advised that within a few minutes that debate will be adjourned—if, indeed, that has not already been done—to facilitate the passing of two or three small bills which either were noncontentious in their original form or are being made so by some amendments. The object is to have these bills sent over to us as soon as possible, perhaps by 4 o'clock. As soon as the measures are received here our bell will be rung, and therefore I would ask honourable senators to remain in the immediate precincts of the building. I move that in the meantime me adjourn during pleasure to reassemble at the call of the bell.

Hon. Mr. Marcotte: I am not sure that I heard the leader clearly. May I ask if the bills that are to come to us will be contentious?

Hon. Mr. Robertson: Anything that is contentious will not be sent over. I understand that one of the measures is a bill to amend the Prairie Farm Assistance Act, and that the leaders in the other place have agreed upon it.

There is a Public Works bill, but if it is sent over it will have been amended so as to be noncontentious. I understand that the bill to amend the Annuities Act is not coming to us, and that the one providing for privileges and immunities in respect of NATO will not be forthcoming if there is serious opposition to it. So in answer to my honourable friend I can say that whatever measures we receive will be noncontentious. Nevertheless, we shall have to deal with them, and that is why I am suggesting that we hold ourselves in readiness to resume at the call of the bell.

The motion was agreed to, and the Senate adjourned during pleasure.

The sitting of the Senate was resumed.

PRAIRIE FARM ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 46, an Act to amend the Prairie Farm Assistance Act, 1939.

The bill was read the first time.

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

Hon. Mr. Robertson: I move that this bill be placed on the Order Paper for consideration later this day.

The motion was agreed to.

PRIVILEGES AND IMMUNITIES (NORTH ATLANTIC TREATY ORGANIZATION) BILL

FIRST READING

A message was received from the House of Commons with Bill 15, an Act to provide for privileges and immunities in respect of the North Atlantic Treaty Organization.

The bill was read the first time.

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

Hon. Mr. Robertson: I move that this bill be placed on the Order Paper to be considered later this day.

The motion was agreed to.

PUBLIC WORKS BILL

FIRST READING

A message was received from the House of Commons with Bill 26, an Act to amend the Public Works Act.

The bill was read the first time.

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

Hon. Mr. Robertson: I move that this bill be placed on the Order Paper for consideration later this day.

The motion was agreed to.

PRAIRIE FARM ASSISTANCE BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 46, an Act to amend the Prairie Farm Assistance Act, 1939.

He said: As honourable senators are aware, the Prairie Farm Assistance Act provides for payments to farmers in the spring wheat area on a cultivated acreage basis where the crop yield is low. The purpose of the legislation now before us is to assist in maintaining *bona fide* farmers over the winter and to enable them to continue their farming operations. All farmers in the spring wheat area contribute one per cent of the returns from their marketed crop to the fund from which these payments are made.

The Act, which has been in effect since 1939, has been amended from time to time. In 1950 it was amended to exclude from payments under the Act all Crown and municipally owned lands which had been leased or granted to farmers since 1940, because experience indicated that much of the land which had been or might be so leased was submarginal for farming purposes. It was considered that accessible lands which had not been taken up prior to 1940 would not likely be of a suitable nature for cultivation.

Following the amendment of last year, representations were made to the effect that since 1940 certain provincial lands which were suitable for cultivation had been opened up for settlement. These lands had not previously been made available for settlement because of the lack of access roads or other facilities. Field inspection carried out by the department substantiated these representations.

For the most part lands in these areas, along with similar lands still to be opened up, lie north of township sixty, and the submarginal lands which it is desired to exclude from the awards lie to the south of that line. I particularly call the attention of honourable senators to the words "south of that line," for they have a bearing on the amendment made in the other place, to which I shall presently refer. The purpose of the amendment is to allow these arable lands to benefit from the provisions of the Act, and that is accomplished by removing them from the restrictive provision introduced by the amendment of 1950.

If honourable senators will refer to the bill before them they will note that subparagraph (vi) of section 1 reads as follows:

(vi) lands lying north of township sixty in each of the provinces of Alberta and British Columbia.

That paragraph was within the past hour amended in the House of Commons to read:

(vi) lands lying north of the south boundary of township sixty in each of the provinces of Alberta and British Columbia.

I assure honourable senators that the amendment is in keeping with the general intention and purpose of the Act, and I ask the house to give favourable consideration to this measure.

Hon. Mr. Marcotte: Honourable senators, I do not think any extensive remarks from me are necessary. This bill appears to be of an administrative nature and, speaking for myself and I am sure for those members on this side who are not in the chamber, there is no objection to the measure.

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

THIRD READNG

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

Hon. Mr. Robertson: With leave of the Senate, now.

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

PRIVILEGES AND IMMUNITIES (NORTH ATLANTIC TREATY ORGANIZATION) BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 15, an Act to provide for privileges and immunities in respect of the North Atlantic Treaty Organization.

He said: Honourable senators, this bill follows the general scheme adopted in 1947 to give effect to the Convention on the Privileges and Immunities of the United Nations. The measure calls for approval and confirmation of the agreement set out in the schedule to it. If and when this bill becomes law, the Canadian government will take the steps called for by the Agreement to effect Canadian ratification of the agreement.

The bill further provides that the Governor in Council may take such action as may be necessary to carry out the obligations, duties and rights of Canada under the agreement when it comes into force. Although no definite assurance can be given, it is unlikely that there will be any large-scale exercise of privileges in Canada by the organization. For this reason, the bill was drafted in the simplest and shortest form possible.

The agreement follows generally the form of agreement which, beginning with the

General Convention on Privileges and Immunities of the United Nations in 1946, has been adopted, with more or less minor variations, to define the privileges and immunities of practically all important international organizations. Certain departures have, however, been made from the precedents in order to meet the particular requirements of NATO.

Part I contains certain general provisions. In particular it defines those subsidiary bodies of the organization to which the agreement applies. These include any organ, committee or service established by the council or under its authority (article 1 (c), except military headquarters — for instance, SHAPE — and, unless the council decides otherwise, any other military body.

Part II deals with the status of the organization itself. Article 4 gives it judicial personality. This means that when subsidiary bodies to which the agreement applies wish to conclude contracts, to acquire and dispose of movable and immovable property, and to institute legal proceedings, they shall do so in the name of the organization.

The immunities and privileges provided for in articles 5 to 11 are those which by agreements of this type are normally accorded to international organizations. An article generally found in such agreements concerning the treatment of official communications in the matters of priorities, rates and taxes, has been omitted. A number of governments object to it, either as being impracticable in their territories or contrary to their national policy; and the International Telecommunications Union has raised objection to provisions of this kind as being contrary to the International Telecommunications Convention.

Part III covers national representatives and their official staffs, and follows approximately the pattern established for the United Nations in New York. In general, those officials, down to the equivalent of third secretary level, permanently stationed in another member state, will enjoy the immunities and privileges accorded to diplomatic representatives and their official staffs of comparable rank (article 12); those temporarily in another member state for NATO purposes will receive a somewhat lower but nevertheless adequate scale of privileges and immunities accorded to similar personnel under the agreements relating to other international organizations (article 13); and the official clerical staff not otherwise covered will receive a slightly lower scale (article 14). In article 19, dealing with taxation, a formula has been evolved and very carefully drawn to provide exemption for members of the staff who are paid directly by the organization at the normal rates, but to enable those states which arrange to pay their nationals employed on the staff at higher rates out of their own budgets to charge income tax on the salaries and emoluments so paid.

Part V concerns the settlement of disputes.

Parts VI and VII contain final provisions.

The agreement is subject to ratification, and will come into force when six states have ratified it. It may be denounced by giving one year's notice.

May I add, honourable senators, that this bill has been before the other house in the last hour or two, and reaches us in the form in which it was originally presented to that house. As it is highly unlikely that in the immediate future NATO will have its headquarters or operations here, it is more a case of the other countries involved extending in one way or another these immunities to our nationals. For that reason, and because the bill is entirely in keeping with our undertakings under the general convention, I ask the house to give it favourable consideration.

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

THIRD READING

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

Hon. Mr. Robertson: I move that the bill be read the third time now.

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

PUBLIC WORKS BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 26, an Act to amend the Public Works Act.

He said: Honourable senators, this bill, unlike the other two which I have just explained, was in its original form the subject of a good deal of contention in the other place. As at first presented, it was intended to amend the Public Works Act in consequence of a change in the Financial Administration Act which was approved earlier this session, whereby provision was made for the control of tenders for not only the Department of Public Works but all other departments. Section 39 of the Financial Administration Act this year reads as follows:

> The Governor in Council may make regulations with respect to the conditions under which contracts may be entered into and, notwithstanding any other Act, (a) may direct that no contract by the terms of which payments are required in excess of such amount or amounts as the Governor in Council may prescribe shall be entered into or have any force or effect unless entry into the contract has been approved by the Governor in Council or the Treasury Board, and (b) may make regulations

with respect to the security to be given to and in the name of His Majesty to secure the due performance of contracts.

That provision having been made applicable to all contracts, it is sought to change the Public Works Act in respect to two principles which it incorporates, and which have existed for many years. Section 36, which enacted that contracts for work costing less than $5,000 need not be let by tender, and that tenders on works for which tenders are invited shall be submitted to and approved by the Governor in Council, is being repealed, and the following was proposed in substitution therefor:

36. Where a work is to be executed under the direction of a department of the government, the minister having charge of that department shall invite tenders by public advertisement for the execution of the work except in cases where

(a) the work is one of pressing emergency in which the delay would be injurious to the public interest,

(b) the work can be more expeditiously and economically executed by the employees of the department concerned, or—

And this is the clause which proved contentious:

(c) the minister is satisfied that the nature of the work renders a call for tenders by public advertisement impracticable and that the public interest can best be served by entering into a contract for the execution thereof without inviting such tenders.

Honourable senators will also note that under the terms of the Financial Administration Act the restrictions upon the letting of contracts are not in respect of prescribed amounts, but no contracts in excess of an amount which the Governor in Council may prescribe shall be entered into except as determined and approved by the Governor in Council or the Treasury Board. There was a good deal of discussion in the other place, and subsequently the bill was stood over while other legislation was proceeded with. The bill was again considered there today. There was no objection to the cases of exception outlined in clauses (a) and (b), but for clause (c), which specifies no amount, the following has been substituted:

(c) where the estimated cost of the work is less than fifteen thousand dollars and it appears to the minister, in view of the nature of the work, that it is not advisable to invite tenders.

This amendment merely takes into account the increasing costs of public works. If my memory serves me rightly, the limitation of $5,000 was placed in the Act some seventy years ago. This amendment apparently met with the approval of all parties in the other house, and was duly passed there, and I now submit the amended bill for the favourable consideration of this house.

Hon. Mr. Marcotte: I take it for granted that the bill which has been handed to me is not in its final form, because it does not contain the amendment just referred to.

Hon. Mr. Robertson: That is right.

Hon. Mr. Marcotte: And from what the leader of the government (Hon. Mr. Robertson) has said, I take it that the sum of $15,000 is the limit under the amendment.

Hon. Mr. Robertson: That is right.

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

THIRD READING

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

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

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

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, as far as I am aware there is no further legislation to be dealt with by this house. At the moment the members of the other house are putting the finishing touches to the resolution with respect to the accession of Greece and Turkey to the North Atlantic Alliance. The Senate, of course, in its usual diligent manner has already given approval to this resolution. Honourable senators will recall the message read earlier by His Honour the Speaker, informing us that the Deputy Governor would come to this chamber at 7 o'clock this evening for the purpose of proroguing the present session of parliament. "Hope springs eternal"—and perhaps we may hope that the other house, influenced by the swift approach of Saturday night, will conclude its discussions sooner than contemplated, and that it may be possible for the Deputy Governor to come here before 7 o'clock. Therefore, I would ask honourable senators to remain in the precincts of the chamber, so as to be available whenever our presence may be required. I now move that the house adjourn during pleasure, to reassemble at the call of the bell.

The motion was agreed to, and the Senate adjourned during pleasure.

PROROGATION OF PARLIAMENT

THE ROYAL ASSENT—SPEECH FROM THE THRONE

The Right Honourable Thibaudeau Rinfret, the Deputy of the Governor General, having

come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Right Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Combines Investigation Act.

An Act to amend the Prairie Farm Assistance Act, 1939.

An Act to provide for privileges and immunities in respect of the North Atlantic Treaty Organization.

An Act to amend the Public Works Act.

After which the Right Honourable the Deputy of the Governor General was pleased to close the Fifth Session of the Twenty-First Parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

The people of Canada have been deeply gratified by the rapid and steady recovery of the King's Health. The transcontinental tour of Their Royal Highnesses, the Princess Elizabeth and the Duke of Edinburg, was the occasion for a universal and heart-felt manifestation of the attachment of the Canadian people to the Crown and the Royal Family.

Throughout the session, my ministers have continued to give constant attention to the policy of seeking the security of our country in co-operation with other peace-loving peoples through the establishment of real and lasting peace.

To resist aggression there and to discourage aggression elsewhere, armed forces of our country, combined with United Nations contingents from other countries, are performing their duties in Korea with valour and distinction. Meanwhile, negotiations to bring about a cease-fire have been undertaken and are continuing.

Elements of the Army and Air Force have been despatched to Europe to form part of the integrated force under the command of General Eisenhower.

In furtherance of our international policies, certain of my ministers have been absent from Canada for sessions of the General Assembly and other organs of the United Nations, for meetings of the Council and other organs of the North Atlantic Treaty Organization; and for the negotiation of a Pacific Fisheries Treaty with the United States and Japan.

You have approved of a protocol which provides for the extending of an invitation to Greece and Turkey to join the North Atlantic Alliance.

You have enacted legislation to implement agreements between the parties to the North Atlantic Treaty regarding the status of their forces. You also enacted a measure respecting the Canadian Forces.

The Pension Act has been amended to provide for substantial increases in the rates of pension for disabled veterans and widows of veterans and for their dependents.

In response to the main purpose for which you were summoned to the present session, you have enacted a measure to provide for the payment, from January 1, 1952, of pensions as a matter of right and without a means test to all Canadians with appropriate residence qualifications who have attained the age of seventy years.

You have given your approval to a measure to prohibit persons engaged in manufacturing, buying or selling articles or commodities from fixing specific or minimum resale prices.

You have authorized the creation of a corporation to be known as "The St. Lawrence Seaway Authority" for the purpose of constructing, operating and maintaining, either alone or in co-operation with the United States, a deep waterway between Montreal and Lake Erie.

You have also approved an agreement between the government of Canada and the government of the province of Ontario with respect to the development by Ontario, concurrently with an appropriate authority in the United States, of hydro-electric power in the international rapids section of the St. Lawrence river.

The Railway Act, the Canadian National-Canadian Pacific Act and the Maritime Freight Rates Act have been amended in general conformity with the recommendations of the Royal Commission on Transportation.

You have made legislative provision for a limited guarantee of short-term bank credit to grain producers in the Prairie Provinces, in order to meet temporary financial difficulties resulting from inclement weather during the harvest season.

You have passed legislation embodying recommendations of the Royal Commission on National Development in the Arts, Letters and Sciences with respect to radio broadcasting. You have also revised the legislation respecting the National Gallery of Canada along the lines of the recommendations of the Commission. My government is continuing to give careful consideration to other recommendations in the Commission's report.

You enacted measures respecting the Agricultural Products Board, Canada Land Surveys, the Revised Statutes of Canada and the International Convention for the Regulation of Whaling.

Amendments have been made to the Dominion Elections Act; the Judges Act, 1946; the Exchequer Court Act; the Supreme Court Act; the Public Printing and Stationery Act; the Bills of Exchange Act; the Canada-United States of America Tax Convention Acts of 1943 and 1944; the Civil Service Act; the Toronto Harbour Commissioners Act; and the North Fraser Harbour Commissioners Act.

You enacted a measure providing for the financial administration of the government of Canada, the audit of the public accounts and the financial control of crown corporations.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence continue its blessings upon our nation and upon the efforts of peace-loving peoples to establish the rule of law in the relations between nations.

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